



IN LATE APPEAL, PRESIDENT SAYS, 'I AM PROFOUNDLY SORRY'

## House Panel Votes to Impeach Clinton for Perjury

### EU Summit Leaders Agree to Act on Jobs

*Fight Over Budget Unresolved in Vienna*

By Barry James  
*International Herald Tribune*

VIENNA — European Union leaders agreed to intensify joint action against unemployment Friday by setting "binding" and "verifiable" guidelines for job creation.

But they ran into a brick wall over how to finance the \$100 billion am-

Germany's funding threats are rattling EU candidates. Page 4.

mal budget for the community, a problem that Germany said had to be settled before the Union could open its doors to new members in Eastern and Central Europe.

The heads of state and government, at the first day of their two-day summit conference in Vienna's historic imperial complex, agreed that finance ministers should work out a tougher jobs pact in time for approval at their June summit meeting in Germany. They did not specify exactly what the jobs targets should be.

Unemployment in the EU stood at 16.3 million people in October, about 9.8 percent of the labor force. Although this is the first time unemployment has been below 10 percent in six years, Europe still has many more unemployed than the United States, and some economists fear that the rate could start rising again if an economic slowdown sets in.

Chancellor Gerhard Schroeder of Germany, who made the headlines at the party of his life in Vienna, was joined by French Prime Minister Lionel Jospin.

other countries "to place the fight against unemployment at the center of European policy."

In this spirit, they said, governments should "undertake to attain binding and verifiable goals in the guidelines for employment, foremost in reducing unemployment among the young and the long-term unemployed, and in eradicating discrimination against women on the labor market."

At their summit meeting in Luxembourg a year ago, the 15 EU countries agreed to submit their national employment plans for regular peer review. Now the time had come, said Prime Minister Lionel Jospin of France, for the EU to adopt new goals that could be measured by objective standards. Mr. Jospin said it was necessary to build a "social Europe."

Such words usually send shivers through financial markets, but the EU's commissioner in charge of monetary affairs said that all governments had agreed on bringing in balanced budgets earlier in the next century, and that markets had accepted that "stability is an integral part of our economic culture."

With the agreement of 11 countries to adopt a single currency on Jan. 1, the question of high unemployment is the biggest social problem facing the community. Criteria for belonging to the single currency demand low public debt and deficit, meaning that governments cannot spend beyond certain limits to solve the crisis.

Mr. Jospin called for "social harmonization," in which countries adopt agreed minimum standards on

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An Israeli passing posters in Jerusalem on Friday that protest Mr. Clinton's visit to Israel and Gaza.

### For Palestinians, 'A New Era'

*Fighter's Son, Advancing Clinton Visit, Takes a Different Path*

By Lee Hockstader  
*Washington Post Service*

GAZA — As he oversaw the torrent of details governing the appearance of President Bill Clinton at the convention center here, Jihad Wazir can generally be found smack in the middle of things — as his father once was.

Jihad Wazir is a Gaza businessman, and it is easy to spot him in the barely contained chaos that passes for advanced work for the presidential visit to Palestinian-ruled Gaza: He is the amiable man with the clipboard and gold-rimmed glasses, the colloquial English and wing-tip shoes.

His father, Khalil Wazir, preferred olive-green fatigues and a Kalashnikov assault rifle. He was Yasser Arafat's boyhood friend, No. 1 aide and military chief. To Israel, he was a master terrorist.

Khalil Wazir, known by his nom de guerre Abu Jihad (father of Jihad), was slain in April 1988 by masked Israeli commandos who broke into his villa outside Tunis, killed his bodyguards, sprayed five or six dozen bullets into his body and sped away. He was 52.

A few hours later and several thousand miles away

in Rochester, New York, Jihad Wazir heard the news as he lay in bed listening to a shortwave radio. The oldest of six children, he had been close to his father but separated by distance, having spent most of his 20s in the United States.

His father was assassinated after a heated debate in the Israeli cabinet. At the time, Israeli advocates of the operation believed it would deprive the Palestinian popular uprising, then 4 months old, of its organizational brains. The killing, a setback for the military wing of the Palestine Liberation Organization, enraged Palestinians but did nothing to slow the momentum of the uprising.

The lives of the Wazirs, father and son, are a study in contrasts, and in a modest way they speak to the gradual, ongoing evolution of Palestinian politics and society.

The father directed Palestinian fighters who carried out terrorist attacks against Israeli civilians, according to Israeli security agencies. He believed in a Vietnamese model of fighting and negotiating, pressing Israel on parallel tracks. He saw the United States as the patron of his enemy and did what he could to help

See JIHAD, Page 7

### 21 Republicans: Yes 16 Democrats: No

By Brian Knowlton  
*International Herald Tribune*

WASHINGTON — The House Judiciary Committee approved an article of impeachment against President Bill Clinton on Friday, just minutes after he addressed the American public on television and voiced his strongest apology yet for his actions in the Monica Lewinsky affair.

The article approved by the committee, the first of four to be voted on, alleges that Mr. Clinton perjured himself before the grand jury investigating him. It was approved on party lines, as expected.

The 21-to-16 vote in the 37-person committee followed some of the more rancorous debate that the highly partisan panel has heard. It presaged a wrenching week for members of the House, for the embattled chief executive and for the nation.

Mr. Clinton was attempting to answer the expected impeachment attempt when he said on television: "I want the American public and the Congress to know that I am profoundly sorry for what I have done wrong in words and deeds."

"I would give anything to go back and undo what I did," he continued in a five-minute speech.

The committee was also debating articles of impeachment alleging that Mr. Clinton perjured himself in the Paula Jones sexual harassment case, that he obstructed justice and that he abused the powers of his high office.

He spoke as the White House girded for a fateful five days of delicate persuasion to prevent the full House from approving articles of impeachment, an indictment, and sending them to the Senate.

Mr. Clinton spoke Friday afternoon as he prepared to leave Saturday on a mission to the Middle East and as his aides and allies were scrambling to find ways to prevent Republicans, and a few Democratic defectors, from reaching the simple majority — 218 votes — needed by the House to impeach the president.

The full House will start debating Thursday on whether to attempt to remove the nation's chief executive from office.

Attempts to persuade undecided legislators were a frenetic pitch, and some Republicans accused Democrats of unacceptably muscular tactics.

As the Judiciary Committee moved Friday night toward its momentous vote on the articles of impeachment, debate was rancorous to the end. Of the 37

See CLINTON, Page 3

### Malaysia's Wary Welcome

*Indonesia's Ethnic Chinese Find a Haven For Now, But Their Future Is Uncertain*

By Thomas Fuller  
*International Herald Tribune*

PENANG, Malaysia — It is 7 A.M. and the Mewah Court apartment complex is awash in orange sunlight, covering the mildew stains of its 20-story towers.

Outside the complex, a half-dozen women and their children are standing on the sidewalk. One would not know they were refugees from their clothes or the children's nearly combed hair or the yellow bus that takes them every morning to a nearby private school.

They are a special class of refugee: wealthy Indonesian Chinese who fled to Malaysia after riots and looting wrecked their hometowns in May. They came to Malaysia in Boeing, not overfilled boats, and they left behind servants and expensive cars.

As Ingrid, 40, who would only give her first name, waits to put her two

youngest children on the school bus, she reminisces about her house in Indonesia and her maids and drivers.

"One room in my house in Indonesia is the size of my entire apartment here," she says glancing toward the Mewah Court complex, which means "Luxury Court" but is something less than plush.

About 5,000 Indonesians like Ingrid came to this Chinese enclave on the coast of peninsular Malaysia in May, according to the Indonesian Consulate here. Two thousand remain, most of them students and their parents or guardians. Despite their affluence, Malaysia has greeted them with an ambivalence wrapped up in the country's complex, multiracial politics.

"On the one hand, we want their money — especially our educational institutions," said Khoo Kay Kim, a professor of history at the University of Malaya. "On the other hand, the Malays



Indonesian Chinese girls taking the bus to go school in Penang, Malaysia.

have the fear that if the Chinese population should increase, there could be problems."

Malaysia's ethnic Chinese population makes up 32 percent of the country's 22 million people — one of the

See CHINESE, Page 7

### In Day of Drama, Pinochet Rejects Court's Authority

By Warren Hoge  
*New York Times Service*

LONDON — General Augusto Pinochet, the former Chilean dictator, sternly told a London court Friday that he did not acknowledge the right of any court outside his country to consider charges against him.

Making his first appearance in public since his arrest two months ago, General Pinochet uttered his defiant claim at the end of a hearing on a Spanish order seeking his extradition to Madrid to stand trial on charges of crimes against humanity.

"With respect to Your Honor," the general said in Spanish, reading from a paper he held throughout the 20-minute session, "I do not recognize the jurisdiction of any other court, except in

England, and I must do so. I do not take any disrespect."

General Pinochet's wife, Lucia, had told supporters at a hotel rally Thursday night that her husband would "never lack the strength of mind to hold his head high in the name of Chile," and the general looked grimly determined to keep that pledge from the moment he entered the sparse and cramped hearing room.

Dressed in a dark brown business suit, off-white shirt and gold tie, the 83-year-old general was sealed in the

wheelchair he has used since undergoing back surgery in early October, with his hands folded across the top of a wooden walking stick held between his knees.

At the routine question to give his name, he drew himself up and said, "I am Augusto Pinochet Ugarte. I was commander in chief of the army, captain general of Chile, president of the republic and actually I am at the moment a senator of the republic."

When Mr. Barron said, pointing to a recurrence of

See PINOCHET, Page 7

### AGENDA

#### DiMaggio in Coma as Infection Worsens

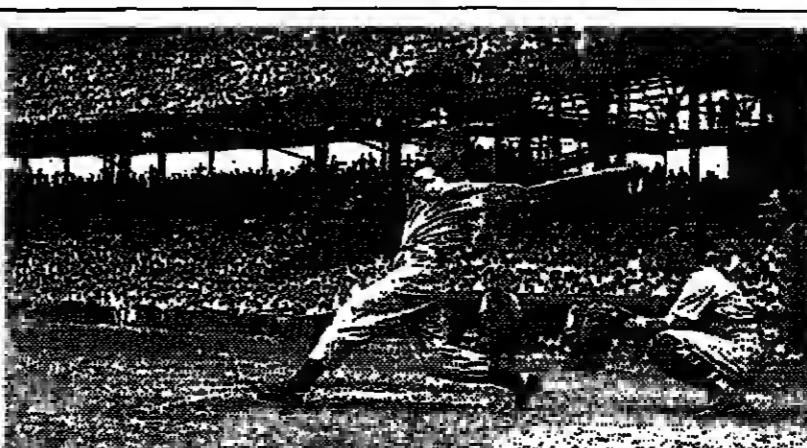
HOLLYWOOD, Florida (AP) — Joe DiMaggio, the former baseball great, lapsed into a coma after his lung infection worsened, and his doctor said Friday that his chances of recovery were "slim."

"His outlook is very poor," Dr. Earl Barron said, pointing to a recurrence of

the infection in DiMaggio's lungs that has put him near death several times since his surgery Oct. 14 for lung cancer.

DiMaggio, 84, remained on a respirator to help him breathe, although his blood pressure and heart and kidney functions were good.

DiMaggio played 13 seasons with the New York Yankees. He was a two-time batting champion and a three-time Most Valuable Player. His 56-game hitting streak in 1941 — one of the greatest feats in all sports — is still a record, and his marriage to Marilyn Monroe in 1954 elevated his place in American culture.



Joe DiMaggio in action during a game in 1942. He played in 11 All-Star games and 10 World Series in 13 seasons with the New York Yankees.

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## A Worm Yields the First Full DNA Multicelled Mapping

By Nicholas Wade  
New York Times Service

NEW YORK — Biologists have for the first time deciphered the full genetic programming of an animal, a landmark achievement both in its own right and as a milestone toward understanding human genetic material.

The animal is a microscopic roundworm known as *Caenorhabditis elegans* and is used in laboratories throughout the world as a means to explore biology at the genetic level.

Researchers report that its genome, or full DNA, consists of 97 million chemical units and is predicted to contain 19,099 genes. If printed up in ordinary type, the DNA sequence would take up 2,748 pages of a newspaper.

The genome, deciphered by two teams of

biologists headed by John Sulston of the Sanger Center near Cambridge, England, and Robert Waterston of Washington University in St. Louis, Missouri, has given biologists their first sight of the information needed to develop, operate and maintain a multi-cellular animal. The only genome sequenced up until now have belonged to single-celled organisms like bacteria and yeast.

Because worms and humans have turned out to share many genes, the worm genome is regarded by biologists as an essential basis for understanding how the human genome works.

"In the last 10 years we have come to realize humans are more like worms than we ever imagined," said Bruce Alberts, president of the National Academy of Sciences and editor of a leading textbook on molecular biology.

Seeing the worm's complete genome is humbling, Mr. Alberts said, because it makes biologists realize how much there is yet to understand. "We always underestimate the complexity of life, even of the simplest processes," he said. "So this is really only the beginning of unraveling the mystery of life."

Completion of the worm's genome, a 10-year project that was finished on schedule, also reinforces the credibility of the federal human genome project, which is locked in an undeclared race with a formidable new rival, a private enterprise named Celera.

Celera is owned by Perkin-Elmer, the company that makes the leading brand of DNA sequencing machines.

Mr. Sulston's work was financed by the Medical Research Council in Britain and the

Wellcome Trust of London. Mr. Waterston's by the National Institutes of Health. The two teams worked in close cooperation although they were an ocean apart. They announced their effective completion of the genome in the Friday issue of *Science*.

The task of sequencing the worm's genome was not the usual kind of academic research project. Both Mr. Waterston and Mr. Sulston had to transform their laboratories into semi-industrial plants employing more than 200 people each in almost round-the-clock operations.

One major problem in sequencing a genome is that the machines that analyze DNA can read segments of only 500 units or so in length. The full genome must be reconstituted from an inordinate number of small overlapping pieces.

Another complexity is that the DNA must be



Agence France Presse  
The roundworm that science unlocked.

amplified, or copied many times, to furnish the machines with a sufficient amount to analyze. Many regions of the worm genome, however, resist the usual amplification processes. Even now the genome, though effectively complete, has a few small gaps that remain to be filled in.

## Serbs Try Mass Arrests in Kosovo

By Mike O'Connor  
New York Times Service

BELGRADE — Western diplomats and dissident Yugoslav officials say the forces of President Slobodan Milosevic appear to be turning to politically motivated arrests to counter the rapidly spreading influence of rebels in Kosovo Province.

Moreover, the assassination last week of a guerrilla commander, initially thought to be the result of a feud within rebel ranks, was described by the diplomats and officials as the first in what they predict will be a series of back-and-forth attacks.

"It will trigger a response," a Western diplomat said. "My expectation is the Albanians will do something like set off a bomb in a Serb market or assassinate a Serb official. If that happens, then the lid is off the next phase of the war, and there will be no stopping it."

A Yugoslav security official who spoke on the condition of anonymity said: "The war will move to the cities, and it will be very bloody. This is a dangerous move for everyone."

After threats from NATO, Yugoslavia has all but stopped conventional attacks on the ethnic Albanian rebels who now operate freely in widening areas of Kosovo. But with traditional methods of repression, the government can strike at the rebels and a NATO reaction, Yugoslav officials say.

The government has stepped up use of the most effective measures of a police state: mass arrests and trials where the absence of elementary legal protections clearly ensures convictions.

In the past few months, as many as 12,000 ethnic Albanians have been detained or have been sought for allegedly helping the rebels, according to United Nations estimates. As the Albanians say has often been the case since Mr. Milosevic stripped their broad autonomy and began tightening police control on Kosovo in 1989, suspects routinely are

tortured into signing confessions, which almost guarantee that they will be convicted, international human rights officials say.

Human rights monitors say those detained are so terrified they do not reveal that they have been tortured.

Under two bare lightbulbs dangling from a stained ceiling, police guards brought Ismet Gashi, a 36-year-old farmer, to stand before a three-judge panel Dec. 4 in the western city of Pec. He stood in an attitude of submission, shoulders down, eyes fixed on the dirty orange carpeting.

**The government can strike at the rebels and avoid a NATO reaction, Yugoslav officials say.**

When they removed the handcuffs, he kept his wrists jammed together, silently assuring his guards that he was still under their control.

A judge read his signed confession. He had admitted joining the rebels and being with them in three villages. The confession was similar to hundreds of others in which defendants say they fought for the rebels or fed them or in some way were a party to what the government calls terrorism.

But when the chief judge asked Mr. Gashi to affirm his confession, the defendant did something that made the police officers present begin to fidget.

"They beat me and made me sign that," Mr. Gashi said, mumbling at first. As he continued, his voice gained strength. "They beat me so much that I could not walk afterward. I needed 10 minutes just to put my signature on the paper."

Then he indicated why disclosures like his were rare. "Just before court, the police told me they would be waiting for me afterward, and if I did not agree with the confession, I would see what happened to me," he said.

Ariana Zherka, a field worker for the Humanitarian Law Center who attended the hearing, said, "I've never heard anything like it before. He will have big problems now." Ms. Zherka said she thought that the presence of a reporter for an American newspaper in the courtroom had emboldened the defendant.

The authorities in Pristina, the capital of Kosovo, and Belgrade had no comment on the accusations of torture and forced confessions.

### ■ Envoy Wants to Speed Talks

Christopher Hill, the U.S. envoy, said Friday he was not giving up his role negotiating a compromise on Kosovo but "would like to do less shuttling and more negotiating." Reuters reported from Skopje, Macedonia.

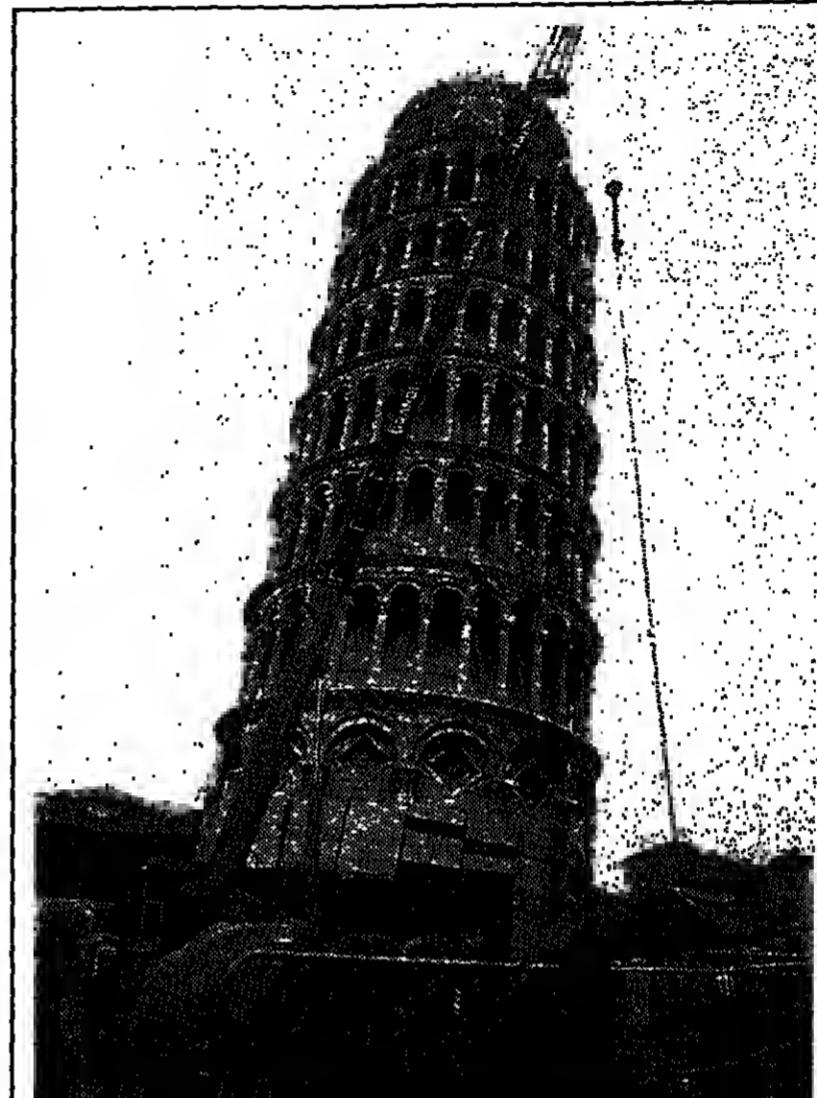
"We need to invigorate the process," he said. "My shuttling will continue, but I have made clear I would like to do less shuttling and more negotiating."

The U.S. negotiator has been trying to find a compromise between ethnic Albanian demands for independence and Serbian insistence that the province remain within its borders. His diplomatic efforts became bogged down this week when both sides condemned his latest proposal.

"The parties have been talking more and more about their desire to speak face-to-face. Of course we have no objections to that," Mr. Hill said. "They can speak standing on their heads as long as they are serious about reaching an agreement."

He said there were some ideas for trying to speed negotiations but declined to give details. "I don't want to get too specific about what the ideas are but I do want to say that we will intensify the negotiating process," he said.

Mr. Hill has spent months shuttling between Belgrade and the capital of Kosovo, where Yugoslav security forces conducted a fierce offensive against separatist guerrillas this year.



Vincenzo Pinto/Reuters  
STRAIGHTEN UP — Workers began attaching steel braces to the Leaning Tower of Pisa on Friday before excavation work, designed to stabilize the 189-foot bell tower, begins. The tower, which began to list in the late 13th century, has been closed to tourists since 1990.

## Le Pen Orders His No. 2 in Far-Right French Party to Be Disciplined

Compiled by Our Staff From Dispatches

PARIS — A split in France's far-right National Front widened Friday when Jean-Marie Le Pen, the party leader, ordered disciplinary action against his would-be successor, Bruno Megret.

In a statement broadcast live on French television, Mr. Le Pen said Mr. Megret and four other top Front members had been suspended from the party as "mutineers" before disciplinary action was taken.

Mr. Le Pen, who is facing a widening

rebellion from supporters of Mr. Megret, called on Front members to rally to his side. The two have clashed over Mr. Megret's strategy of cooperating with mainstream conservative parties.

The Megret camp has been collecting petitions from Front members to call a special party conference next month that could lead to a vote on Mr. Le Pen's removal.

"The plot was hatched a long while back," Mr. Le Pen said.

"I will not abandon the ship's helm to a

handful of perfidious lieutenants and quartermasters," he said.

Mr. Le Pen dismissed Mr. Megret from his job as No. 2 man this past week, stripping him of the title of general delegate.

On Friday, at party headquarters in Saint-Cloud, adjacent to Paris, Mr. Le Pen announced: "At my request, the executive bureau has suspended the membership" of Mr. Megret and four others. He said it was "waiting for them to appear before our disciplinary institution."

Mr. Megret's camp, which has moved into its own building, claims it has almost all the 10,000 signatures necessary to hold a congress.

Among those suspended was Serge Martinez, a former loyalist who on Monday made the original call for a party congress and was dismissed as chief of personnel.

Also suspended was Philippe Olivier, the companion of Mr. Le Pen's daughter, Marie-Caroline Le Pen, who has been accused by her father of betraying him. (AP, AP)

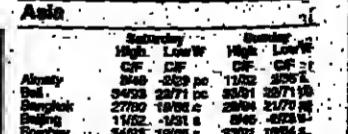
## WEATHER

Forecast for Sunday through Tuesday, as provided by AccuWeather.



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Asia



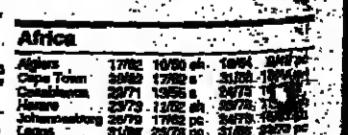
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Africa



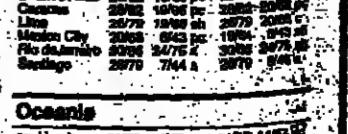
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## TRAVEL UPDATE

### French Rail Workers End Strike

PARIS (AP) — Rail traffic was back to normal Friday in France as a two-week strike by ticket inspectors ended.

Traffic was normal on high-speed links between France and other countries as well as on national lines. Workers in the few remaining regions still on strike early Friday — those around Nantes in the west, Bordeaux in the southwest and the southeastern town of Chambery — voted to end the strike early in the afternoon. Elsewhere, mainline trains were running on schedule.

Ticket inspectors had begun the strike over staffing levels. Management vowed to increase the number of inspectors but refused to commit to specific figures.

Security was tightened Friday around the Masai Mara Game Reserve in Kenya after a gang of three hooded men attacked tourists headed there, said Richard Leakey, director of the Kenya Wildlife Service. In two incidents Thursday on the same stretch of road, bandits attacked six tourist vans and stole valuables and passports. No one was reported injured. The attacks were the seventh and eighth this year in the same place. (AP)

### Correction

A quotation from a White House official complaining about the release of proposed articles of impeachment before President Bill Clinton's team completed its presentation to the House Judiciary Committee was misattributed in Friday's issue. It was the presidential counselor Paul Begala who said: "Somewhere in Australia, a million kangaroos are embarrassed by the name that this is giving their court system."

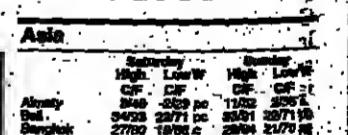
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Asia



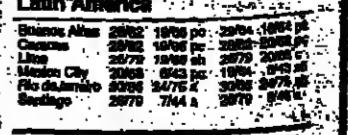
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Africa



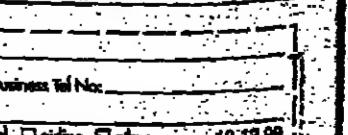
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# It's Theater All Right, But Which Play Will Bring Down the House?

By Guy Gugliotta

Washington Post Service

WASHINGTON — It was a two-act play featuring sex, lies, videotape and perjury, and it offered a rationale for almost every Republican, Democrat, spoiler or conspiracy theorist — who still needed a way to think about President Bill Clinton, Monica Lewinsky and impeachment.

The Democratic counsel to the House Judiciary Committee, Abbe D. Lowell, was the theatrical Washingtonian, a world-wise cleaner-upper of dirty laundry, sent in to debunk the preposterous charges and repeatedly warn the committee that a vote to impeach could "doom the country" to "outrage and paralysis of government" for months to come. Was America ready for that?

David P. Schippers, the Republican counsel, went last. He was the outraged outsider, a father of 10 from Chicago, methodically walking the committee through reams of evidence to prove that it was perjury, it was obstruction of justice, it was abuse of power, it was "an attack upon and utter disregard for the truth and for the rule of law."

With the minds of committee members virtually made up, the two lawyers were speaking to the 20 or 30 uncommitted House members waiting to vote on impeachment next week and to the



Later Post/Associated Press photo  
Mr. Schippers warned the panel against setting the bar too high. Millions of Americans arrayed behind them.

But though the argument Thursday was about impeachment and the affair between Mr. Clinton and a former White House intern in their own way, Mr.

Schippers and Mr. Lowell rehashed the underlying dispute that has festered in the American consciousness ever since Mr. Clinton arrived in Washington:

Is he an inspirational but flawed leader who has ably steered the nation through six years of unparalleled prosperity? Or is he an opportunist who managed to parlay his Arkansas vandals into a six-year gig at the White House?

Mr. Lowell spoke for two hours, and his testimony was riveting. He walked the committee through the charges one by one, explaining them away as he drew the picture of a president anxious to conceal an illicit relationship from his family at the same time that lawyers in what he believed was a politically motivated lawsuit were trying to entrap him.

Mr. Lowell played previously unreleased videotape of Mr. Clinton, during his Jan. 17 deposition in the Paula Jones suit, staring impassively at the camera while lawyers argue about the definition of "sexual relations." "This term would really be confusing," says one voice. "This means all things to all people," says another. "It's very unfair," someone replies. "I think it's a political trick."

It went on and on. Mr. Clinton stopped coffee while his lawyer remarked that this "is almost like an anatomic accident where the plaintiff's counsel wants to ask the defendant, 'Are you



Later Post/Associated Press photo  
Mr. Lowell said to impeach would "dilute" constitutional standards.

negligent?'" "No, an opposing lawyer insisted, "we want to be as discreet as possible" so as not to have to utter dirty words.

In the end, U.S. District Judge Susan Webber Wright remarks: "If you want

to know the truth, I'm not sure Mr. Clinton knows all these definitions." This "havoc and confusion," Mr. Lowell concluded, lies at the core of the perjury allegations against the president: "Does anyone in this room, does anyone in the United States, understand this definition?"

Or what about obstruction of justice? Mr. Lowell made the committee squirm by playing tapes of Ms. Lewinsky talking on the telephone with her erstwhile friend Linda Tripp: "We didn't have sex; we fooled around," Ms. Lewinsky said. And, "I was brought up with lies all the time."

He played a tape montage of Kenneth Starr, the independent counsel, telling the committee repeatedly, "I don't recall," "I'm not recalling," "I don't know." And yet for Mr. Clinton, Mr. Lowell said, the committee "wants to make presidential lapses of memory impeachable offenses."

Mr. Schippers was not as compelling, but his views are those of people who have never trusted Mr. Clinton and have been willing to wade through the smoke for years, trying to get at the truth.

Mr. Schippers would provide it. "The evidence and testimony must be viewed as a whole," he said. "It cannot be compartmentalized." Don't be "cajoled into considering each event in isolation," he warned. "This is the tactic of defense lawyers in every conspiracy trial that I have ever seen."

Yes, he continued, this is a conspiracy. When Ms. Lewinsky told the grand jury "nobody told me to lie," he said, nobody had to. "Monica knew what was expected of her." And while she may have said "nobody ever promised me a job," Mr. Schippers said, after she filed a false affidavit, "she got one, didn't she?"

He narrated the whole Clinton-Lewinsky saga in his flat Chicago accent, interspersing the story with his own video clips, most of them featuring the president dancing around the truth or telling what appear to be outright falsehoods in his Jones deposition.

At the end, neither Mr. Lowell nor Mr. Schippers had trouble telling the committee where it had gone wrong or where it ought to go, and both men were worried about "the bar."

The committee was fatally "lowering the bar" to impeachment, Mr. Lowell said in a tone of controlled outrage. It was too willing "to dilute the constitutional standard" or "lower the burden of proof" or "reverse the presumption of innocence."

No, Mr. Schippers said five hours later. "If you don't impeach as a consequence of the conduct that I have just portrayed, then no House of Representatives will ever be able to impeach again." His voice shook with finger-wagging intensity. "The bar will be so high, that only a convicted felon or a traitor will need to be concerned."

## Stress of Inquiry Takes a Toll on Henry Hyde

By Frank Bruni

New York Times Service

WASHINGTON — Of the many verbal assaults Representative Henry Hyde had endured, this one had an especially sharp edge.

"History," Representative Maxine Waters, Democrat of California and one of the House Judiciary Committee's most liberal members, told its Republican chairman, "will not be kind to you."

Although the statement went far beyond the usual quibbling on the Committee, Mr. Hyde listened to it this week with his customary air of subdued dignity. He even dutifully asked the committee's consent that "the gentle lady be permitted to finish her attack on me."

But other committee members and Mr. Hyde's friends said that behind that quip was undoubtedly some anguish.

As the committee proceeded this week toward a landmark vote on articles of impeachment, its 74-year-old chairman found his elusive political street and public image distilled into

a single act of stewardship. Nearly a quarter century in Congress and a carefully honed reputation for patience, prudence and fairness had come to this supervision of a process that had failed to win broad popular support, exposed bitter partisanship, and subjected Mr. Hyde to death threats and the constant escort of a security detail.

"It's stressful, extremely stressful," he said to reporters just before he left the hearing room Wednesday night. Asked what he would like to be remembered for, he did not mention the impeachment inquiry.

"I was a good congressman," said Mr. Hyde, who is perhaps best known for his advocacy in 1976 of the " Hyde Amendment," which restricted the use of federal money for abortion, but has also voted for programs to provide aid for children once they are born. "I accomplished some things, and when my time comes, I'll be missed."

Several committee members said a tone of genuine self-pity had crept into Mr. Hyde's voice for perhaps the first time last week when he complained during the hearings that he

was being browbeaten excessively. Jack Hahn, a close longtime friend of Mr. Hyde's from Chicago, noted that little fissures were appearing in the Illinois congressman's famously unflappable demeanor.

"He came walking into hearing the other day looking like he was limping," Mr. Hahn said. "Last week, he barked at a few people. That's not Henry Hyde, believe me."

When Mr. Hyde held a special press conference Monday, pointing to four tall white columns of boxes to demonstrate that the committee had considered 60,000 pages of grand jury testimony and was not acting rashly in calling so few witnesses, his voice had a defensive ring.

He also sent a letter to Republican members of the House that besieged them not to state their opinions about impeachment until the committee had finished its work.

During the hearings this week, he defended a course at odds with the prevailing public sentiment, commenting to one witness, a Jesuit priest: "Someone said that if Jesus

had taken a poll, he would never have preached the Gospel."

By subjecting Mr. Hyde to such intense scrutiny, the impeachment inquiry has unearthed aspects of his past he might well have preferred to keep buried. They include an extramarital affair of three decades ago, remarks 15 years ago that urged leniency for a Republican congressman facing expulsion for sexual misconduct with a teenage congressional page, and a statement during the Iran-contra hearings in 1987 that ridiculed the righteousness of people who "label every untruth and every deception an outrage."

Mr. Hyde has also drawn criticism for his handling of the inquiry itself, which has occasionally veered off in surprising directions.

"There's a feeling of constant, constant gibes from everybody," said Philip Corboy, another longtime friend. "It's torture for him."

Others were less sympathetic. "He's used to being treated as if he walks on water," said one staff member for Democrats on the committee. "And I think he's shocked and surly that his feet have gotten wet."

## CLINTON: House Committee Approves Article of Impeachment

Continued from Page 1

members: 21 are Republicans.

Members were voting on two articles alleging perjury, one of obstruction of justice, and one of abuse of power.

Democrats said that the articles, drafted by Republicans, were so profoundly flawed as to make amendment pointless. Instead, weary legislators sought to drive home their objections one last time.

Those objections clearly were intended for a larger audience — the 435 members of the House, who have been summoned back to Washington for a historic vote — and are likely to foreshadow the debate there.

More than one Democratic member of the Judiciary Committee conceded that Mr. Clinton had lied about his relationship with Ms. Lewinsky, a former White House intern, and said that his conduct was deeply troubling but insisted that there was insufficient evidence to prove perjury and inadequate cause for impeachment.

Representative Charles Schumer, a Democrat from New York, asked for "explicit statements" about which language from Mr. Clinton was considered to be perjury.

Representative Barney Frank, Democrat of Massachusetts, called the perjury allegation "trivial and impossible to prove." It deals with Mr. Clinton's denial that he touched certain parts of Ms. Lewinsky's body.

A Republican, Representative Bill McCollum of Florida, called the Democratic arguments "a non sequitur."

Another Republican, Representative James Sensenbrenner of Wisconsin, accused the Democrats of a "clever ruse" intended to limit the evidence that the Senate might consider during a trial.

If approved by the House and the vote still appears too close to predict — impeachment articles would go to the Senate for a trial likely to last weeks or months.

Mr. Clinton still appears certain to survive a test in the Senate, if it comes to that. The Republicans control the chamber, 55 seats to 45, but they are unlikely to reach the two-thirds majority needed to convict and remove the president.

The stakes, as Judiciary Committee members made it clear in hours of bitterly partisan debate, are extremely high.

Mr. Clinton hopes to escape becoming only the second president, after Andrew Johnson in 1868, to be impeached. Mr. Johnson survived a Senate trial by a single vote.

The president wants to avoid the personal humiliation and national distraction of a Senate trial. He also hopes to rescue what political clout he can.

This is an issue where twisting arms isn't appropriate," said Joe Lockhart, the White House spokesman, "but bending ears is."

Yet, even with his political fate at its most fragile, Mr. Clinton was set to leave the country Saturday for a four-day Middle East visit.

That would bring him back to Washington two days before the full House special session.

The committee was concluding its work, which began in September, when the independent counsel, Kenneth Starr, delivered 36 boxes of transcripts and evidence compiled during a nine-month investigation, in the same room where charges against President Richard Nixon were debated in 1974.

He resigned before a vote on impeachment by the full House.

The committee was likely to vote on the Democrats

fails because it is vague and does not meet the minimal standards of due process," Mr. Conyers said.

Of the four articles of impeachment that the committee was considering, the first alleges that Mr. Clinton "willfully provided perjurious, false and misleading testimony" in his grand jury testimony from the White House on Aug. 17.

The second charges that he "willfully provided perjurious, false and misleading testimony" in sworn, written answers on Dec. 23, 1997, for lawyers in the sexual harassment lawsuit filed by Paula Jones and on Jan. 17 during testimony before them, the third that Mr. Clinton sought through seven separate acts to obstruct justice in the Jones case; and the fourth that he was guilty of the "misuse and abuse" of his presidential powers by asserting executive privilege to block aides' testimony before the grand jury.

The process under way, he said, was "not a vengeful one, it's not vindictive and it's not crazy."

The president, Mr. Hyde said, was guilty of "an assault on the rule of law."

He said that Mr. Clinton's conduct in the Lewinsky matter "cheapens" the oath of office.

"It is a breach of promise to tell the truth," he said. "It subverts our system of government."

Mr. Hyde dismissed Democratic arguments against impeachment as a "so-what defense" — boiling down, he said, to grudging acknowledgment that Mr. Clinton's behavior had been unworthy, but that it did not merit impeachment.

Representative John Conyers of Michigan, a Democrat who served on the Judiciary Committee during the Watergate hearings against Mr. Nixon, belittled the evidence against Mr. Clinton.

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Mr. Conyers said.

# Jesus went to Jerusalem (II)

"Then Jesus spoke to the multitudes saying: 'The scribes and the pharisees have seated themselves in the chair of Moses; therefore all what they tell you—do and observe—but do not do according to their deeds; for they say things and do not do them.'

And they tie up heavy loads and lay them on men's shoulders; but they themselves are unwilling to move them with so much as a finger.

And they love the place of honor at banquets, and the chief seats in the synagogues, and respectful greetings in the market places.'

MATTHEW XXIII



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INTERNATIONAL HERALD TRIBUNE  
THE WORLD'S DAILY NEWSPAPER

## German Threat Rattles EU Candidates, Which Fear Long Delays

By Peter S. Green  
*International Herald Tribune*

PRAGUE — The European Union's eastern neighbors are growing concerned that their planned membership could be delayed well into the next decade if Germany carries through on threats to cut its contribution to the organization's budget and if talks on EU internal reforms stall.

On Thursday, Chancellor Gerhard Schroeder warned that unless Germany was able to reduce the amount it pays each year into the EU budget, "enlargement will be harder to achieve, if it can be achieved at all."

Germany pays the EU 22 billion Deutsche marks (\$13 billion) more than it gets back. Slow growth and high unemployment at home mean that Germany's new government sees its priorities there, not abroad.

With the weekend coming, most Eastern capitals did not react to Mr. Schroeder's comments, but the Czech Foreign Ministry was careful not to criti-

cize its neighbor. "We understand Germany's anxiety," a spokesman said. "We hope that EU reforms will not delay our accession."

Political leaders out of government were more open.

In Prague, Michal Lobjkowicz, a member of Parliament, said that Mr. Schroeder's statements represented a step back from what he described as the clear and forceful vision of a Europe launched by former Chancellor Helmut Kohl.

"Any postponement of enlargement would cause disillusion in countries like ours," he said. "I don't think it's crucial or important if we become members in 2003 or 2004. The crucial thing is that it's on the horizon, that there's a clear perspective of a unified Europe and that we are welcome in this space."

"These countries need to feel that we share this big vision of a prosperous and friendly Europe. We felt it after '89, and it helped us to overcome the main difficulties," Mr. Lobjkowicz said.

Two years ago, Germany and France

promised that Poland would join the Union by 2000. Now, EU officials say they see 2003 or 2004 as a good target for candidates, but warn that negotiations and ratification by the 15 members could add at least two years to the schedule.

Hungary, Poland, the Czech Republic, Estonia and Slovenia all hope to join an expanded EU, but the organization insists that it first must agree on complex internal reforms in the Agenda 2000 document, setting spending and other priorities for 2000 to 2006, including a reform of its expensive farm subsidy program.

Most of these tough decisions are to be made next year when Germany assumes the EU's rotating presidency.

"It must be clear," Mr. Schroeder told the German Parliament, "agreement on Agenda 2000 is a precondition for having serious talks about taking in new neighbors."

The Easterners are well aware that the EU's first concern is its current 15 members and that expansion comes second.

"Everything depends on the reforms

the EU does within," said Toomas Ilves, a former foreign minister of Estonia.

"There can be no enlargement without reforming the Common Agricultural Policy," he continued. "A country like Poland with 9 or 10 million farmers cannot be kept afloat."

In Hungary, Peter Gottfried, state secretary for EU integration, says he will be following the EU's Vienna summit meeting this weekend with care.

"At this moment, what is most important to us is to have the debate on internal reforms concluded under the German presidency," Mr. Gottfried said. The EU says Hungary has taken the greatest strides toward adopting the EU's 80,000 pages of regulations and Hungary's center-right government says it will be ready to join by Dec. 31, 2002.

"If the ground is cleared and the question is 'When is Hungary ready?,' then we have really no concern," Mr. Gottfried added.

EU officials say that dates are good "targets" but that actual entry dates do

not matter. "Dates don't mean anything," said Louswies van der Laan, the commission's spokesman on Eastern enlargement. "They take on lives of their own. They will join when they are ready."

But Tadeusz Mazowiecki, the former Polish prime minister who now heads his Parliament's EU committee, says dates are vitally important.

"The date itself has both a symbolic and a real meaning," he said. "First, it means that we are awaited and welcome. Second, the fact that the date is fixed means more motivation and self-discipline for the Poles and consequently improvement in the preparation process."

Commissioner Hans van den Broek, the EU's point man on enlargement, denies that enthusiasm for growth is waning.

"Do not be misled into thinking that reports of discussions inside the Union imply less of a commitment to enlargement," he said. "A robust debate usually signals that a major deal is on the way."

## U.S. Unveils Hurricane Debt Relief

By Thomas W. Lippman  
*Washington Post Service*

WASHINGTON — The Clinton administration has joined several European countries and the World Bank in promising Nicaragua and Honduras a massive new package of debt relief and financial aid to help them recover from the ravages of the recent hurricane.

The assistance includes more than \$1.5 billion in new development grants, a three-year respite from repayment of bilateral debt, additional money to cover payments due to international banks, and an eventual write-off of large chunks of their foreign debts.

The steps were announced Thursday as leaders of five Central American countries, including the presidents of Nicaragua and Honduras, began a series of meetings in Washington designed to secure long-term help to overcome not only the storm damage, but also the endemic poverty that has afflicted the region for generations and magnified the suffering caused by the hurricane, designated Mitch.

The storm, which swept across Central America last month, killed an estimated 9,000 people in Nicaragua, Honduras, Guatemala and El Salvador, and devastated roads, bridges, homes, electrical lines, crops and livestock. Nicaragua and Honduras, hardest hit and deepest in debt, will benefit most from the agreements. President Bill Clinton was to offer the package formally at a White House meeting Friday, and will tell the presidents that he plans to visit the region, probably in February, officials said.

The total value of the grants, loans and debt relief is difficult to evaluate because of numerous variables in the debt-relief component, said officials, who estimated the overall aid would amount to several billion dollars. The debt relief agreement for Honduras, for example, is contingent upon that country's reaching an economic restructuring agreement with the International Monetary Fund, said Undersecretary of State Stuart Eizenstat.

According to the private relief agency, Oxfam International, Nicaragua's total foreign debt is about \$6.1 billion, and debt service payments last year consumed more than half of government revenue.

## AMERICAN TOPICS

### Watching the Talk Shows for Credit

Needless to say, it is a popular class: students at Beaver College in Glenside, Pennsylvania, come to Lisa Holderman's classroom each Monday, turn on the television, and settle in to watch one of the highly popular day-time talk shows, the ones known most often by a single name: Oprah or Jerry or Ricki or Montel. They take in shows with titles like "You Took My Man," "I Once Was Fat, But Now I'm All That" or "Teen Thug Update."

Fine. But the academic value? "It's o'er just pure entertainment," Ms. Holderman told The Philadelphia Inquirer. "You're always being socialized in some way." She calls the shows, with all their trash talk and furnishing throwing, "a significant part of our culture," and uses them to explore attitudes to race, gender, appearance and class.

For the students, an eye-opener came when they joined the audience for a taping of "Mooted." They learned that everything, from who gets to ask questions to where audience members sit, is carefully planned. One student, Karen Kaliczkowski, says that now when she watches Jerry Springer she thinks, "Oh, that's fake, that's fake." But she and the others have not stopped watching.

### Short Takes

Some students at Barard College were infuriated when they saw a line in a brochure for the elite New York school: that graduates of women's colleges were more likely to marry and have children than women graduating from co-ed colleges. The claim, in a section on "Alumnae Achievement," played into a stereotype, students said. Sarah Chefitz, a senior and religion major, led a petition drive, saying that the line reflected "an unfounded fear that attending an all-



YOU BETTER WATCH OUT — A Santa Claus doll and packages of traditional holiday panettone on exhibit in a Rome shop window Friday. Two of Nestle's company's popular brands of the dessert bread, Motta and Alemagna, were being withdrawn from stores throughout Italy after an animal rights group said it had injected them with rat poison.

women's college will inevitably result in lesbianism or spinsterhood," The New York Times reports. Barnard finally agreed to delete the offending passage.

It is no surprise that Christmas, with all the pressure to buy gifts for friends, families and fellow workers, has become more a time of stress than a season to be jolly. But a consumer group (actually an anti-consumer group) called the Center for a New American Dream has put numbers to this.

Ninety-two percent of Americans, it found, believe they spend more money than they can afford during the holidays: 64 percent would spend less if their family made changes as well; 82 percent said they

would be happier to receive a family photo album than a commercial gift.

When Virginia Beach, Virginia, created a park atop a former landfill in 1973, it became a pioneer in an approach to reclaiming land that has since become commonplace, reports Governing magazine.

But some city officials would now like to change the official name of the park, built on alternating layers of trash and soil: Mount Trashmore. They say the name scares away companies thinking of relocating in the area.

—Brian Knowlton

## Supreme Court Stops Execution

*New York Times Service*

HOUSTON — The U.S. Supreme Court has delayed the execution of a Canadian whose government had appealed for his life, saying he had been denied the right to speak with consular officials as guaranteed by international treaty.

The stay, one of several over the last decade for the inmate, Joseph Stanley Faulder, came Thursday, 30 minutes before he was to receive a lethal injection in the Texas death chamber.

A spokesman for the Supreme Court said the justices needed more time to consider Mr. Faulder's case. While Mr. Faulder has another appeal before the Supreme Court, prison officials in Texas said the stay was granted to consider the consular issue. The court set no date for hearing the appeal, but state officials said no execution date could be scheduled for another 30 days.

While last-minute appeals in death penalty cases are common, it was Mr. Faulder's standing as a Canadian citizen that brought international attention to the case. The Vienna Convention on Consular Relations requires that people arrested in a foreign country be allowed to seek help from their country's consul.

That courtesy was not extended to Mr. Faulder when he was arrested in 1977 and charged with fatally beating and stabbing a wealthy 75-year-old woman in a July 1975 robbery. Texas officials said they did not realize that Mr. Faulder, who had a Texas driver's license, was from Canada.

## German Greens Meet to Debate a Party Overhaul

*The Associated Press*

BONN — The Greens party, born of protest against establishment politics, opened a three-day convention Friday aimed at overhauling the party structure to enable it to hold its own as the junior partner in the new Social Democratic-led government.

The meeting will also address ways to avoid public squabbles over policy.

"People expect the Greens to show

professionalism and consistency as a governing party, and rightfully," Gunda Roestel, a party co-leader, told the *Leipziger Volkszeitung* newspaper.

Many Greens cherish the party's traditionally loose organization, and proposals to give national leaders more power are expected to trigger controversy at the convention in Leipzig.

Party leaders, who say the Greens must bolster their success by strength-

ening organization and discipline, will seek delegates' approval to create a council to coordinate among Greens lawmakers, the national leadership and local activists. The estimated 750 delegates will also choose the new party leadership.

The Greens rose to national power in the September elections, gaining three cabinet posts when they joined the Social Democrats in a coalition.

## RELIGIOUS SERVICES

### AMSTERDAM

CROSSROADS INTERNATIONAL CHURCH (Methodist) Sunday 10:30 a.m. & 11:30 a.m. 80 Wellesley, Deutzelaan 3, S. Amsterdam. Info: 020-841 8812 or 020-961 683.

### BERLIN

BERLIN INT'L CHURCH (Evangelical) Sunday 10:30 a.m. Hotel Monfort, Kurfuerstendamm 47. Pastor Helmut H. Passendorf. Tel: +49 (0) 30 34 70 91 76. [www.bmichurch.org](http://www.bmichurch.org)

### FRANKFURT

ST. LEONHARD, International Catholic Parish, Alt-Moabit 6, 1031 (near Rosenthaler Platz). Masses in English Saturday 5 p.m., Sunday 10 a.m. Tel/Fax 030-23177 or J. Scheid [www.scheid.frankfurt.de](http://www.scheid.frankfurt.de)

### PARIS AND SUBURBS

EMANUEL CHURCH (Baptist) 9, rue Bonaparte, 75006 Paris. Tel: 01 47 51 20 00. Sun: 10 a.m. & 11 a.m. with Service. Fri 8 p.m. Tel: 01 47 51 20 00. [www.emmanuel-paris.org](http://www.emmanuel-paris.org)

### FRANKFURT

CHRIST THE KING (Baptist) Saal 8 & 11, Saal 8 (School) 10:30 a.m. & 12:30 p.m. Tel: 0611 49 15 29 or 0611 49 15 28 or [www.christ-frankfurt.de](http://www.christ-frankfurt.de)

### WIESBADEN

ST. AUGUSTINE OF CANTERBURY, Saal 8 & 11 am. Saal 8 (School) 10:30 a.m. Tel: 0611 49 00 00. [www.saint-augustine-wiesbaden.de](http://www.saint-augustine-wiesbaden.de)

### GENEVA

EMANUEL CHURCH: 1st & 3rd Sun 10 a.m. Eucharist; 2nd & 4th Sun Morning Prayer. 3rd Sun of Month, 12:30 p.m. [www.emmanuel.ch](http://www.emmanuel.ch)

### BRUSSELS/WATERLOO

ALL SAINTS CHURCH: Saal 11:15 am (School) 10:30 a.m. Tel: 02 64 29 84 00. [www.all-saints.be](http://www.all-saints.be)

### CLERMONT-FD (FRANCE)

CHRIST CHURCH (Protestant) 1st & 3rd Sun 10 a.m. Tel: 04 72 33 41 59. [www.christ-clermont.fr](http://www.christ-clermont.fr)

### FLORENCE

ST. JAMES' CHURCH, Saal 9 & 11 a.m. Via Bernardo Rucellai 9, 50122 Florence. Tel: 051 55 534 417.

### INGOLSTADT (GERMANY)

ANGLICAN EPISCOPAL CHURCH, 4th Sun, 9 a.m. in Domplatz, Ingolstadt. Tel: 08131 942 147.

### ROME

ST. PAUL'S WITHIN THE WALLS, Saal 10:30 a.m. & 11:30 a.m. Saal 10:30 a.m. Via Napoletana 59, 00104 Tel: 06 65 433 339 or 474 338.

### KARLSRUHE (GERMANY)

ANGLICAN EPISCOPAL COMMUNITY, 1st & 3rd Sunday 10:30 a.m. in Chapel of Liberation, Kochel 2-4. Tel: 071 721 293 73 or 071 721 49 15 59. [www.anglican-episcopal-community.de](http://www.anglican-episcopal-community.de)

### BRUCKMUEHL (GERMANY)

ANGLICAN-EPISCOPAL COMMUNITY, meets at St. Lukas, Lukasstrasse 10, 11:30 a.m. except August. Address: St. Lukas, Lukasstrasse 10, 8032 Tel: 089 230 5415 [www.anglican-episcopal-community.de](http://www.anglican-episcopal-community.de)

### MUNICH

CHURCH OF THE ASCENSION, Saal 11:15 am (School) 10:30 a.m. Tel: 089 51 54 16 00. [www.ascension-munich.de](http://www.ascension-munich.de)

### BUCHAREST

I.B.C., St. Xenophont, nr. 2. Tel: 021 43 12 15. Tel: 021 43 12 15. [www.bucharest-ibc.ro](http://www.bucharest-ibc.ro)

### BUDAPEST

CHRIST THE KING (Baptist) Saal 8 & 11, Saal 8 (School

## Thai Jet Crash Kills Scores; 43 Survive

Compiled by Our Staff from Dispatches

BANGKOK — A Thai Airways Airbus carrying 146 people crashed in Boon Pi district at 6:45 P.M., the police in Surat Thani said.

The police said that scores of people were killed but at least 43 survived.

The evening crash occurred near Surat Thani, about 500 kilometers (about 330 miles) south of Bangkok.

Local TV footage from the crash site, about five kilometers from the Surat Thani airport, showed at least eight survivors, all of them conscious.

One of those shown on television was a boy, about 10, with injuries to his forehead.

He and other shaken and injured survivors were helped into vehicles to get medical attention.

At least four of the survivors, who were bloodied and rain-soaked, were Westerners, apparently two couples.

Thai Airways flight TG261, carrying 132 passengers and 14 crew members,

had been on its way to Surat Thani from Bangkok when it crashed in Boon Pi district at 6:45 P.M., the police in Surat Thani said.

A police officer, speaking on condition of anonymity, said the plane made three turns around the airport in a heavy storm before trying to land. Visibility remained bad on the final approach.

Initial reports said one engine had exploded, but the police said it was unclear whether the plane had engine trouble before it crashed.

Airbus has released some details of the fatal flight. The plane was an A310-200, delivered to Thai Airways in April 1986.

Transport and Communications Minister Suthep Thaugsuban said in Bangkok that his sister Sirivana had been on the flight.

He said that he, too, had been scheduled to be on the flight until he canceled at the last minute.

Mr. Suthep, who did not know the condition of his sister, expressed dismay that he learned about the crash first from relatives in Surat Thani, rather than from the airline, which is mostly owned by the government and which he supervises.

(AP, Reuters, AFP)



The Associated Press  
A survivor giving the victory sign Friday on Thai TV. At least 43 survived.

## Canadians Call On NATO To Rethink Nuclear Policy

By Steven Pearlstein  
Washington Post Service

TORONTO — The Canadian Parliament has taken another step toward confrontation with the United States over the inclusion of nuclear weapons in NATO arsenals.

After a two-year study and a divisive internal debate, the Foreign Affairs Committee of the House of Commons has released a report accusing the United States and other nuclear powers of clinging to a Cold War mentality in their defense doctrines, long after the Cold War has ended.

In its list of recommendations, the panel called on the North Atlantic Treaty Organization to consider renouncing the first use of nuclear weapons. It also urged serious consideration of separating NATO's nuclear warheads from the missiles and bombs on which they are deployed, as a way of reducing the chance that they would ever be used.

The report, released Tuesday, gives added political support to efforts by the foreign minister of Canada, Lloyd Axworthy, to prod, embarrass and cajole the United States and the other major powers to reduce their nuclear arsenals. That effort already had been given impetus this past week by Germany at a NATO foreign ministers' meeting in Brussels.

But the three nuclear powers in NATO — the United States, Britain and France — argue that nuclear weapons are an effective deterrent against ag-

### 3 Disappearances In Iran Raise Fear of Reprisals

New York Times Service

TEHRAN — The disappearance of three Iranian dissident writers in the last month comes at a time of heightened tensions between President Mohammad Khatami, who has been promoting reforms, and conservative forces in the Islamic government who have been the main target of the secular opposition.

Mohammed Jafar Pournoudi, an author and translator, disappeared after he left his Tehran office Wednesday afternoon, his relatives said Thursday.

Associates of Mr. Pournoudi, said they believed he had been killed, adding to concerns that critics of the government are becoming the targets of violence and intimidation.

Mr. Pournoudi, 45, was the third Iranian dissident writer to be reported missing in the last month. The two writers who had previously disappeared were both found dead in mysterious circumstances.

The body of Mohammed Mokhtari, a dissident and poet who was reported missing last week, was identified Wednesday, just hours before Mr. Pournoudi's disappearance.

Iranian newspapers reported Thursday that Mr. Mokhtari, 45, had died of suffocation, and one of them quoted a relative as saying that his body bore bruises around the neck.

## Iran Says Its Missile Industry No Longer Needs Outside Help

Reuters

Israel and the United States have repeatedly expressed concern over Iran's missile capacity, urging Russia and China to stop any transfers of technology to the Islamic republic.

### ■ Iranian Scientist Issues Denial

William J. Broad of The New York Times reported earlier from New York:

An Iranian scientist has denied that he tried to recruit biologists who formerly worked on Moscow's germ-warfare program to develop similar weapons for Iran, as American officials and Russian scientists have reported.

The scientist, Mehdi Rezayat, was identified by The New York Times this week as a key figure in an Iranian purchasing network meant to speed the development of nuclear, chemical and biological weapons.

But he said Thursday that his approaches were entirely peaceful and that he was only trying to acquire the talent and technology to make diagnostic kits for hepatitis and AIDS, and antibiotics and other medicines.

"We started from scratch, sometimes using parts or technology from outside."

"We have also used Western technology, including our scientists who have studied in America itself."

Iran said its navy tested Iranian-made ballistic and cruise missiles at the end of war games in the Gulf on Thursday.

In July, Iran tested the medium-range Shehab-3 missile, which it said had a range of 1,300 kilometers (812 miles).

## BRIEFLY

### Marshall Islands Lose China Ties

BEIJING — China broke diplomatic ties with the Marshall Islands on Friday, three weeks after the South Pacific nation formally recognized the rival government of Taiwan.

The Chinese ambassador to the Marshall Islands, Zhao Liangyi, lodged a complaint with the Marshall Islands government and announced that diplomatic relations were broken effective Friday, the Xinhua press agency reported.

The break was anticipated, but there was no indication why Beijing waited to make it official.

China insists that all countries with whom it has diplomatic relations must break ties with Taiwan. With the addition of the Marshall Islands, Taiwan's small pool of diplomatic allies stands at 27. (AP)

### Gunfire at Kabul Ends in Stalemate

KABUL — The Taliban religious army and its opponents waged a fierce battle outside the Afghan capital Friday, awakening residents with the thud of artillery fire and the steady staccato of heavy machine guns.

Mohammed Jan, a Taliban commander at the front line, said that the opposition began a heavy artillery assault Thursday and intensified the attack at daybreak 12 miles (19 kilometers) north of Kabul.

The two sides exchanged gunfire for three hours but neither gained ground. There were no immediate reports of casualties among soldiers on either side. Mr. Jan said. (AP)

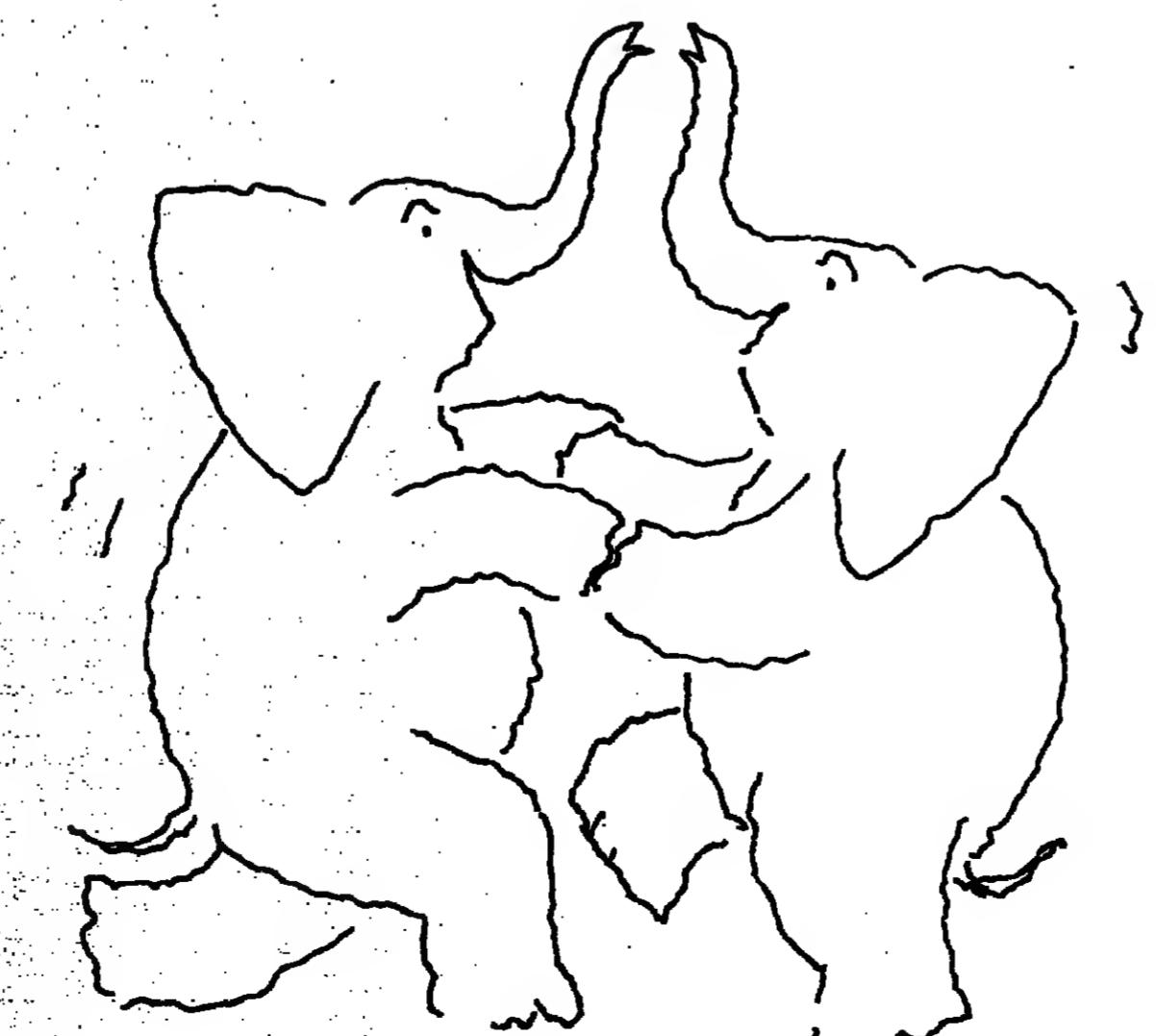
### Indonesia to File Conspiracy Charge

JAKARTA — The Indonesian police said Friday they would charge three opposition activists with conspiracy over bloody clashes in November between anti-government protesters and troops in which at least eight people died.

The three are alleged to have been among the signatories of a Nov. 12 petition calling on President B.J. Habibie to step down and rejecting a special session of country's top legislative body, the People's Consultative Assembly.

A spokesman declined to give names but said at least one protester was a retired general. (Reuters)

**T**WO STRONG PARTNERS WILL COME TOGETHER!  
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## EDITORIALS/OPINION

## Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Clinton's Mideast Journey

## Realistic Goals

President Bill Clinton's trip to the Middle East this weekend, originally intended to audge along the Wye peace agreement, now looks certain to encounter turbulence. The Wye agreement is bedeviled by delays, mutual recriminations and new violence. Prime Minister Benjamin Netanyahu of Israel is fighting for his government's survival.

Faced with these circumstances and his own impeachment problems, Mr. Clinton must be realistic about what he can hope to achieve. His main goal should be to make sure that the deal he brokered in Maryland survives with minimal damage and delay. To succeed, he will need help from Mr. Netanyahu and from Yasser Arafat, the Palestinian leader. The two men must handle the visit with restraint and not seek to exploit it for political advantage.

The centerpiece of the visit is Mr. Clinton's trip to Gaza City on Monday to witness a vote by the Palestinian National Council to nullify language in the Palestinian Charter that calls for Israel's destruction. Israel is now saying that only a roll-call vote at that meeting would be acceptable. The demand is unreasonable, as Mr. Clinton,

just by attending, will lead American authority to the vote.

Although Mr. Netanyahu suggested that Mr. Clinton go to Gaza for the charter vote, the Israeli government is now concerned that the visit will be seen as somehow endorsing or even certifying Palestinian statehood.

The fear is misplaced. The Oslo peace agreements specify that the question of Palestinian statehood is to be negotiated between the two sides at a later date, and Washington has no interest in bypassing that understanding.

Mr. Clinton's helicopter flight to the new Gaza airport and attendance at the Palestinian Council meeting will not confer sovereignty on the Palestinian authorities, and neither Mr. Arafat nor Mr. Netanyahu should suggest otherwise.

Because of the threat that his government may fail in a no-confidence vote later this month, Mr. Netanyahu may be tempted to rally right-wing support by undercutting the Wye agreement. A strong majority of Israelis want a negotiated peace with the Palestinians.

Mr. Netanyahu should rebuild his political strength by aligning himself with that centrist majority.

—THE NEW YORK TIMES

move the focus of his negotiations with the Palestinians from the Oslo and Wye agreements on Palestinian self-rule to broader talks on a permanent settlement. No small crisis of confidence has developed in Israel over the implementation of Wye. Mr. Clinton's task is to summon both Mideast parties to the obligation they took on there. That means holding Palestinians to their pledges of security for Israel — and of revision of the Palestinian charter — and holding the Israelis to their pledges of extra West Bank land for the Palestinians.

The violence is nasty and politically troublesome. Its immediate trigger was Israel's disappointment of the Palestinians — unwaranted — expectations for the release of "political" prisoners. Israel released the car thieves and held on to the murderers. Especially at this first-ever visit of an American president to Palestinian territory, Mr. Clinton must apply a steady influence on the side of order and law.

—THE WASHINGTON POST

## No Squishy Outcome

For the first time in some days, the main action in the impeachment crisis seemed to be taking place outside the House Judiciary Committee. Given Representative Henry Hyde's determination to pass an impeachment resolution on a party-line vote, this is a positive development. Public opinion, constitutional wisdom and the national interest all demand agreement between Congress and President Bill Clinton on a censure that would sternly condemn the president, but leave him in office.

The behind-the-scenes bargaining seems to be moving at the pace of a bog swimming across a saucer of molasses. But at least there is movement, because the White House is scared now. Whatever they say in public, no smart lawyer would advise Mr. Clinton to go on trial in the Senate on the initial count of grand jury perjury. So Thursday the White House announced that Mr. Clinton would, in effect, welcome a censure deal. It is directly lobbying moderate House Republicans and using intermediaries to contact other influential Republicans. The time has come, in fact, for party figures like former Senator Bob Dole to follow the example of Senator Alfonse D'Amato, Republican of New York, in urging a negotiated settlement.

Still, censure advocates should avoid any deal that lets the White House get away with the semantic game insisted upon by Mr. Clinton's lawyers. They want to substitute the word "misled" for "lied." Average citizens who receive merciful treatment at the bar of justice do not get to dress up their failures with fancy language, and neither should Mr. Clinton. The president knowingly lied under oath, and that needs to be written into the history of his administration.

The Judiciary Committee on Thursday heard two presentations of widely divergent quality. The committee's Republican counsel, David Schippers, used almost three hours for a needlessly sarcastic reading of the public record. The Democratic counsel, Abbe Lowell, made a detailed and impre-

—THE NEW YORK TIMES

Other Comment

Nigeria's Best Chance

They were only local elections, but so far so good: a healthy turnout, little violence and fairly efficient counting. Nigeria's voters have begun a series of polls that are to culminate in the election of a civilian president in February and a final handover by the soldiers in May. Meant to, and must. This may be Nigeria's last chance. If yet another young army officer decides to declare himself the country's latest savior before May, even long-suffering Nigerians might give up on it as a nation-state. After 15 years of military misrule, regional and ethnic loyalties are stronger than ever. In contrast, a Nigeria with a democratically elected government and a reformed economy could lift itself and the whole of Africa.

—THE ECONOMIST (London)

## U.S. Should Be Forthright in Support of a Palestinian State

By Henry Siegman

NEW YORK — For friends of Israel, there is something very sad, and also profoundly revealing, of the state of the peace process, about the circumstances of President Bill Clinton's visit to Israel and to the Palestinian Authority.

The visit should have been a glorious occasion, marking not only Israel's 50th anniversary but also an extraordinary relationship between the world's only remaining superpower and the diminutive but vigorous Jewish democratic state. It is hard to find an analogue anywhere in history to the deep friendship that has existed between these two countries.

But instead of marking a celebration of a unique relationship between these two nations, or serving as an occasion for Israel to express its gratitude to the American people for the constancy of their support, this visit will take place in a contentious and ugly atmosphere that dramatizes, above all, the deterioration in the relationship between these two governments. It is a deterioration that would have been inconceivable before Prime Minister Benjamin Netanyahu came to power.

Who could have imagined that a time would come when the prime minister of Israel would say about a pending visit of an American president, "if he wants to come, he'll come, and if not, he won't come," or that Israeli cabinet ministers and the speaker of the Knesset would tell the president that he is not welcome? Mr. Netanyahu destroyed the good

will that Mr. Rabin had so painfully established, not only by his opposition to the Oslo accords but by his contempt for and humiliation of Palestinians and their struggle for national dignity and independence. At the same time, he has managed to bring Israel's relationship with the United States to a historic low, not to speak of the damage he has inflicted on U.S. interests in the region.

The two most critical elements of Israel's security are its relationship with the United States and the normalization of Israel's relations with its neighbors in the region. Yitzhak Rabin's greatest achievement was precisely in these two areas. He came to realize that giving Palestinians a sense that their most fundamental human and national aspirations are respected by Israel would contribute far more to Israel's long-term security than the grabbing of additional hilltops.

The Oslo agreement reached with Yasser Arafat and the respective maneuver in which Mr. Rabin related to him and to the Palestinian people as partners in the peace process, no less than his personal friendship with the United States and its president, constituted historic contributions to Israel's long-range security. They brought Israel to the threshold of normalization with its Arab neighbors, a process that simultaneously enhanced U.S. credibility and helped protect vital U.S. national interests in the Arab world.

The unique legacy of the man who was elected on the promise that he would bring Israel security and peace will be that Palestinian statehood, when it occurs, will be shorn of any benefit to Israel.

The peace process can still be saved,

but only if Mr. Clinton uses the occasion of his visit to deliver two clear messages to Mr. Netanyahu and his government. The first is that Mr. Netanyahu's self-righteous condemnations of Palestinians' resort to violence do not give the prime minister the moral high ground. The territorial frag-

mentation of the West Bank through Israeli settlements, housing projects and major highways which are turning Palestinian territories into isolated Bantustans is not the result of negotiations, nor is it being achieved by nonviolent means. It is being done by violent means, under the cover of Israeli machine guns and tanks.

The second message Mr. Clinton should deliver to Mr. Netanyahu is that no matter how much he and his supporters delay the inevitable, Palestinians will, in the end, achieve national independence, and it is right and fair that they do so. The only thing Mr. Netanyahu's opposition will achieve is that this statehood will come about not as a result of an Israeli sense of fairness but in the face of Israel's bitter resistance.

Americans believe that their country's support for Israel, which has been generous and unfailing, does not ensure that it betrays the Palestinians. Mr. Clinton should inform Mr. Netanyahu that if the landing of Air Force One in Gaza is seen as an angury of U.S. support for Palestinian statehood, he is reading the matter correctly. The sooner American support for Palestinian statehood is clearly understood by Israel's political leadership, the sooner will peace come to the region.

The writer, a senior fellow at the Council on Foreign Relations, contributed this personal comment to the International Herald Tribune.

## Not Another Inch: Israel Still Awaits the Promised Reciprocity

By Charles Krauthammer

WASHINGTON — Twice now in the past two years Prime Minister Benjamin Netanyahu of Israel has given land to the Palestinians — and gotten the Israeli political right to accept the principle of territorial compromise. Twice he has counted on administration promises that the United States, as broker, would ensure Palestinian compliance with the commitments they made in exchange for land. Twice he has been betrayed.

In January 1997, Mr. Netanyahu gave up most of Hebron, the second holiest city in Judaism. Knowing that Yasser Arafat has never kept a promise made to adversaries — whether Israeli, Lebanese, Jordanian or Palestinian — Mr. Netanyahu asked the United States to pledge itself to ensure reciprocity.

The administration did, in the

"Note for the Record" requiring the Palestinians to end anti-Israeli and anti-Semitic incitement, to change the Palestinian charter to eliminate clauses rejecting Israel's existence, to reduce the size of the Palestinian police, and so forth.

Every single one of these promises remained a dead letter. How do we know? Because they reappear — as Palestinian commitments — in the Wye accord negotiated 21 months later. This time, said the State Department, we really mean it: Israel will get these reciprocal gestures — in return for another 13 percent of the land.

The United States proposed a three-stage deal so that Israel would not be stiffed again. Rather than withdrawing in one chunk — as it did in Hebron, then finding that the

Palestinians, land in hand, simply ignored their obligations — Israel would give up 2 percent first, then wait for Palestinian compliance; then another 5 percent, with a pause for Palestinian compliance; then a final 6 percent.

What happened? Israel made the first withdrawal and opened the Gaza airport. Within hours rioting, stone-throwing and anti-Israel violence erupted on the West Bank because of discontent with Israeli prisoner releases. In a blatant violation of the Wye (and Hebron) pledge to "prevent incitement" and prohibit "all forms of incitement," the speaker of the Palestinian legislature declared that "the leadership that threw stones" — before the peace process — "is prepared once again to throw stones in order to free the

people and to free the land."

On cue, the very next day, the mob appeared, bused in from Bir Zeit University to Ramallah, attacked an Israeli car, dragged out an Israeli soldier and beat him savagely with stones and bricks.

Meanwhile, Mr. Arafat has

been going around since the Wye agreement telling his people and everybody else that he will declare independence in May. Very nice, except that Palestinian statehood is, under Oslo, something that is not to be done unilaterally but only after negotiations with Israel.

At the same time, Mr. Arafat is demanding that Israel go ahead with its 13 percent withdrawal. How can Israel possibly be expected to withdraw from land in the name of an Oslo agreement that Mr. Arafat unashamedly says he is going to tear up in five months?

The Israelis now refuse to make further withdrawals, claiming the Wye rule that there must be Palestinian reciprocity, for each stage of Israeli withdrawal. Inciting violence and declaring that Oslo dies in five months are pretty obvious violations of Wye and Oslo.

Again and again, Mr. Arafat stands up in the White House and says, as he did at the signing of Wye, "We will never go back to violence and confrontation." Within hours, he finds himself dissatisfied with Israel over this or that — and out comes the mob.

Mr. Netanyahu has finally said: No more. He is through with the charade. If Mr. Arafat can, at will, turn the violence switch on and off, and turn the Oslo process itself on and off (next May: off), it is madness for Israel to give another inch.

Washington Post Writers Group

## Pinochet's Hour of Fear Puts Torturers on Notice

By George F. Will

WASHINGTON — The Spanish judge, who on Wednesday made progress in persuading Britain to extradite General Augusto Pinochet, former dictator of Chile, for trial concerning human rights violations, is practicing what is called "justice without borders." However, borders are akin to fences, and good fences make good neighbors. If what is called international law — it is international, but is it law? — ignores fences, will nations be more neighborly?

Prosecuting General Pinochet might expand the "rule of law"; it certainly would involve ideological willfulness tattered up in the trappings of law. General Pinochet was a nasty ruler who mandated torture, hostage-taking and murder — probably including murder on

deserve moral amnesty because he was less awful than the Alende alternative, or because the human toll of General Pinochet's rule did not rank him near the top of the list of the world's oppressors at that time, or because Chile now prospers.

Conservative selective indignation about tyranny — General Pinochet's tyranny largely escapes their censure — is not more contemptible than that of those who warmly welcomed to Harvard a villain of the Tiananmen Square massacre. Liberals who consider Fidel Castro more avuncular than criminal also forget that Yasser Arafat's agents murdered two U.S. diplomats in Sudan. Mr. Arafat, whose hands are blonder than General Pinochet's,

travels the world, periodically alighting at the White House.

By uprooting a Marxist regime, General Pinochet became the bête noire of the international left. His coup refuted the faith that history is regulated by a ratchet that moves leftward. Furthermore, Prime Minister Tony Blair's vanilla government gives scant satisfaction to his Labour Party's unconstructed left. Extraditing General Pinochet will palliate the aging left's strongest remaining passion, which is for nostalgic vengeance. So "progressive" opinion and party calculations pressure Britain's government to forget how helpful General Pinochet was during Britain's war against Argentine aggression in the Falklands.

Some who insist that General Pinochet must be prosecuted commit a non sequitur, saying: If the meaning of international law is clear and enforcement is imperative when banks cross an international border for the purpose of annihilating a sovereign nation (Kuwait, 1990), then international law is always clear and prudently enforceable.

However, law is only law if it gives notice of what is required or proscribed, and if it treats like cases alike. International human rights law does not yet.

True, Congress has ratified various agreements that purport to limit what regimes can inflict upon their people. But Con-

gress has given no more thought to those agreements' legal force and practical application than Congress gives to proclamations of National Pickle Week.

Those agreements are, necessarily, of a high degree of generality. What offenses, in what quantities, trigger a former public official's vulnerability to international proceedings? And why just former officials? General Manuel Noriega was ruling Panama when U.S. forces arrested him.

Chile's democratic government has decided that the interests of national reconciliation take precedence over vengeance against General Pinochet.

Although Britain has decided to allow the extradition process, which may be protracted, to grind on, the ideal, or least unsatisfactory outcome would be for a way to be found for General Pinochet, 83, to be returned to Chile.

Some conservatives reasonably argue that prosecuting General Pinochet might deter other dictators from surrendering power. However, those conservatives are conceding a significant effect. Such prosecutions might stigmatize torturers' hands. If the peril in which General Pinochet finds himself prevents electrodes from being attached to the genitals of political prisoners, General Pinochet's hour of fear has served justice.

Washington Post Writers Group

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

## 1898: Women Thieves

NEW YORK — An epidemic of shoplifting has broken out here. Four clergymen's wives were arrested in a single week in a Sixth Avenue store, on the charge of shoplifting. According to French specialists, in the majority of cases where women are caught stealing, the discrepancy between their means for supplying luxuries and their desire to rival other women in displays of toilet was the incentive to the first theft.

Lucky for the country, both

Mr. Huntington and the more overtly dangerous Ross Perot were derailed before they bought their way to the top. But as yet little examined Steve Forbes is already spending whatever it takes of his bottom-line fortune to win the presidency in 2000, and as the Huntington saga proves, only a fool would dismiss him as a joke.

The New York Times

derwood. It was often said: "Pinkerton never forgets; when you think he's given up, and come out for the first time in show yourself, he gets you."

1948: Palestine Plan

PARIS — The United Nations General Assembly approved Saturday [Dec. 11] the much-anticipated Anglo-American resolution setting up a three-nation conciliation commission to aid the Arabs and Israel in negotiating peace in Palestine. Amendments to the resolution removed from it virtually all mention of the original partition plan approved by the Assembly over one year ago. Israeli sources felt the conciliation commission was weighted against them, but an Israeli spokesman declared that "The government of Israel looks forward to an early termination of hostilities in Palestine and the conclusion of a lasting and equitable peace."

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مكتبة المصلحة

## Violence Mars Clinton's Visit To Peace Talks In Jerusalem

*The Associated Press*

JERUSALEM — On the eve of President Bill Clinton's arrival, Israeli troops opened fire Friday on hundreds of Palestinian stone throwers, killing two and injuring 32 during a protest against Israel's refusal to release prisoners, hospital officials said.

The violence, coupled with Israel's tough positions concerning the peace agreement Mr. Clinton is coming to promote, stepped up concern about his visit.

Earlier Friday, Israel rejected a U.S. compromise on the release of Palestinian prisoners and also affirmed that it will not withdraw troops in the West Bank unless the top Palestinian decision-making body holds a vote to amend clauses of the Palestine Liberation Organization's charter calling for Israel's destruction.

The violence Friday erupted when about 400 Palestinians threw stones at Israeli soldiers outside a West Bank town and the soldiers fired tear gas, rubber-coated steel pellets and live ammunition to disperse the crowd, Palestinian witnesses said.

Two 18-year-old Palestinians, Mohammed Suleiman and Kamal Adwan, were killed by live bullets in the head. Two were wounded by live fire and others were hurt by rubber bullets, according to officials at a Palestinian clinic.

The protesters had gathered after noon prayers to press for the release of Palestinian prisoners, a key point of contention between Israel and the Palestinian Authority.

Israel has pledged to release 750 prisoners in three stages by the end of January. The Palestinians have said Israel broke a promise to release prisoners held for anti-Israeli activities. Israel said it never made such a pledge and accused the Palestinian Authority of incitement over the prisoner issue.

The Palestinian negotiator Saeb Erekat said the United States offered a compromise, a trilateral committee to go over the list of prisoners one by one and determine who will be released.

But the Israeli cabinet secretary, Danny Ayalon, said Friday that such a proposal was unacceptable. "Israel has not been offered such a compromise, and there will not be such a compromise," he said.

The other point of contention is the meeting Monday of the Palestine National Council in Gaza City. Mr. Clinton is to address the council, which, under the Wye River peace agreement, is to reaffirm earlier decisions by lesser bodies to revoke PLO charter clauses.

The Palestinians have said they would revoke the clauses only by acclamation, not by a vote as Israel has demanded.

Israeli officials said, however, that they would not drop their demand for a vote. "They have to vote at the PNC," said a government spokesman, "otherwise Israel will not turn over additional West Bank territory to the Palestinians because a 'transfer of territory is irreversible.'

## CHINESE: Malaysian Haven for Outcasts

Continued from Page 1

Malaysia and Indonesia have maintained largely separate identities from the indigenous populations and have maintained cross-border business ties. It was no surprise that many of the Indonesian Chinese escaped to places like Penang and Singapore when violence broke out in May.

Those who came to Penang were mostly from Medan, Indonesia's fourth largest city located almost directly across the Strait of Malacca. The two cities share centuries-old trading, cultural and family links.

But despite these historic links, many of the Indonesian Chinese have had a difficult time fitting in. In addition, those who are not studying here have been granted only "visit passes" by the immigration authorities, often valid for just a month.

Ingrid, for instance, who watches over her four children in Penang, must leave the country every three weeks to renew her visitor's visa.

Yet, many of the Indonesian Chinese living here say they would move permanently to Malaysia if given the chance.

Many Indonesian Chinese would move permanently to Malaysia, if given the chance.

"Of course!" they said in unison.

In May, one of the students, Roswaty Anwar, 18, spent a night crouching on the second floor of her house in Indonesia as mobs threw rocks through her windows and burned two of her neighbor's cars.

"My mother said, 'The faster you go, the better,'" she recounted, adding with a trace of bitterness: "For us Chinese, there is no place."

In a strange way, the recent violence in Indonesia, however, has helped revive the historic ties between Medan and Penang. Over the past three decades, the Chinese communities of Malaysia and Indonesia had drifted apart following concerted efforts by the Indonesian government to integrate the Chinese minority into mainstream society.

Many young Indonesian Chinese never learned Hokkien, the prevalent dialect in both Medan and Penang, or any other Chinese dialect. Some, like Miss Roswaty, speaks a mixture of Hokkien and Malay, but cannot read or write Chinese.

Today, the Indonesian Chinese studying in Penang are taught Mandarin and Hokkien, learn traditional songs and celebrate Chinese festivals with their Penang ethnic cousins.



A Palestinian youth throwing a gas canister at Israeli soldiers during a clash Friday that resulted in two deaths.

## GAZA: Son Sees Same Goal by 2 Pathways

Continued from Page 1

its revolutionary foes in Nicaragua, Iran and elsewhere. The name he gave his son, Jihad, means holy struggle in Arabic.

"Almost every enemy of the U.S. for the last 20 years, it was my dad who supported them," said Jihad Wazir, who is 35. "But now things are different."

The son, who spent a decade in the United States, chose another path. Against his father's prediction, he was granted a visa by the United States and took engineering degrees from Marquette University in Wisconsin and the Milwaukee School of Engineering.

Although he maintained close contacts with the Arab world — he volunteered in a Red Cross hospital in Baghdad during the Gulf War — Mr. Wazir regards America as a potential ally for the Palestinians, and a crucial one. As he directs the installation of phone lines, lights and cameras at the Gaza convention center, he has not lost sight of what matters most to the Palestinians about the Clinton trip: the first ever to Palestinian-ruled territory by an American president.

"There is a growing recognition in the U.S. administration of the need for a Palestinian state," he said. "They would not say that, but the whole concept of a right to self-determination is an American concept."

"That's why Clinton's coming is a ray of hope for us," he said.

The Israeli see the visit to Gaza differently. When they assented to it during the Wye River peace agreement, it is to reaffirm earlier decisions by lesser bodies to revoke PLO charter clauses.

The Palestinians have said they would revoke the clauses only by acclamation, not by a vote as Israel has demanded.

Israeli officials said, however, that they would not drop their demand for a vote. "They have to vote at the PNC," said a government spokesman, "otherwise Israel will not turn over additional West Bank territory to the Palestinians because a 'transfer of territory is irreversible.'

you have to address the needs of the Palestinian people."

Mr. Wazir left the United States in 1994 and came to Gaza, to which Mr. Arafat had returned to build his Palestinian Authority after the start of the Oslo peace process.

His family constitutes what passes here for Palestinian royalty. His mother, Intisar, is Palestinian minister for social affairs and lives in one of the most opulent villas in Gaza. Mr. Wazir drives a Mercedes and is managing director of the World Trade Center Palestine, a commercial consulting group. His wife, Thiraya, is a corporate lawyer.

Mr. Wazir may not have adopted his father's means, he says carefully, but the goal remains much the same.

"My dad was a pragmatist and selfless in his devotion to the cause," Mr. Wazir said. "He wasn't into slogans."

The Clinton visit to Gaza is critical, he said, "as a recognition of Palestinian aspirations. My dad was for that."

"Things have changed," he said.

"There is a new era that requires new arrangements, new agendas."



Jihad Wazir in Gaza on Friday preparing for Mr. Clinton's visit.

## DMZ: U.S. and North Korean Troops Mingled, Ex-Diplomat Says

Continued from Page 1

so much tension," Mr. Quinones said. Indeed, the issue is potentially embarrassing for the UN command amid sensitive talks between U.S. and North Korean diplomats regarding a suspected underground nuclear site in North Korea.

William Perry, the former U.S. defense secretary who is now coordinating U.S. policy toward North Korea, said in a visit this week to Seoul, Beijing and Tokyo that North Korea's failure to open the site to inspection jeopardized a 1994 agreement under which the North promised to abandon its nuclear weapons program in return for construction of two reactors for energy purposes.

Mr. Quinones visited the North from 1994 to 1997 to monitor compliance with the agreement. He said that on one

of those visits, in July 1996, a North Korean colonel escorted him to the building at Panmunjom where U.S. and North Korean soldiers held their meetings.

"The American side knew we were there," said Mr. Quinones, then in the North to negotiate repatriation of remains of U.S. soldiers killed in the Korean War. "We had to call across to the American side so they could let us in."

Mr. Quinones said that in the building next to the one where U.S. and North Korean military officers have been meeting since the armistice ending the Korean War was signed in 1953, he saw "color TV, air-conditioning, nice furniture and an unlimited supply of beer and liquor" supplied by the Americans.

Mr. Quinones said he "heard from the

North Koreans about how much fun it was," and subsequently confirmed all this by talking to an American officer at Panmunjom.

The South Korean Defense Ministry said Friday that it had asked General John Tiele Jr., commander in chief of the UN command, including South Korean as well as U.S. forces, for its records of the killing of the lieutenant as well as of any possible contacts between South and North Korean soldiers.

A spokesman for the UN command said it was "cooperating fully" with the South Koreans but refused to comment on any contacts that South Korean and U.S. troops may have had with the North Koreans.

"We know a lot," the spokesman said, "but we can't say." South Korean officials said they knew nothing about the U.S.-North Korean contacts.



Former Chancellor Helmut Kohl of Germany receiving applause from Prime Minister Tony Blair of Britain, left, and President Jacques Chirac of France, right, after he was made Honorary Citizen of Europe Friday in Vienna.

## SUMMIT: EU Leaders Agree to Set Employment Guidelines

Continued from Page 1

financing of the EU beyond laying out widely divergent positions.

It seemed likely that the leaders would leave it to Germany to attempt to unravel the problem, which would be discussed again at a special summit meeting in March. Germany will assume the rotating presidency of the EU on Jan. 1.

At issue is a proposal called Agenda 2000 to finance the EU from 2000 to 2006 and prepare the way for an expansion that could see a community of 21 members in the next few years, and eventually as many as 26. Germany, which bears the brunt of financing the EU, says that unless its \$13 billion net contribution is reduced and unless EU finances are radically overhauled, enlargement may be delayed or even aborted.

Jacques Santer, the president of the European Commission, said that failure to agree on the package of internal reforms would result in "uncertainty and a long-term crisis." It would undermine the "clan of the euro," he warned, and send a negative message to countries waiting to join the EU.

Countries expressed willingness to cooperate on the budget while offering no concessions on positions that would make agreement attainable. France, for example, appeared to have adopted a position of "what is yours is negotiable, but keep your hands off what is mine."

Mr. Chirac called for everything to be put on the table, for it to be negotiable, a spokesman said. But when asked if this included co-financing of the Common

Agricultural Policy, which accounts for half the budget, the spokesman replied that this was an acquired right, an "acquis," and was therefore not open to negotiation.

Germany has proposed that national governments should pay for part of the farm funds, or co-finance them, out of national budgets.

France insists that the agricultural policy must continue to be paid for collectively.

The French, however, do not regard Britain's budget rebate of 3.2 billion euros (\$3.75 billion) this year as such an

acquired right. Mr. Chirac said it went against the community spirit of sharing resources.

But a British spokesman said the rebate was "not negotiable."

On another front, an attempt, led by Britain and France, to reopen the question of ending duty-free sales in Europe next year appeared destined for failure.

Several countries, including Italy, Belgium, the Netherlands, Luxembourg and Denmark, said they saw no reason for reviewing Britain's budget rebate of 3.2 billion euros (\$3.75 billion) this year as such an

acquired right. Mr. Chirac said it went against the community spirit of sharing resources.

He resigned in 1993 under the cloud of the "Amigo affair," with allegations surrounding government loans to an aviation entrepreneur of millions of Deutsche marks for a fighter plane project.

Martin Rodbell, Nobel Scientist

Many young Indonesian Chinese never learned Hokkien, the prevalent dialect in both Medan and Penang, or any other Chinese dialect. Some, like Miss Roswaty, speaks a mixture of Hokkien and Malay, but cannot read or write Chinese.

Today, the Indonesian Chinese studying in Penang are taught Mandarin and Hokkien, learn traditional songs and celebrate Chinese festivals with their Penang ethnic cousins.

## Max Streibl, Bavarian Politician, Dies at 66

*The Associated Press*

MUNICH — Max Streibl, 66, who led the southern German state of Bavaria from 1988 to 1993, died Friday after suffering a heart attack.

Streibl was a passionate Bavarian, a convinced federalist and a champion of a regions-based Europe," said the parliamentary president, Johann Boehm.

Bavaria's Parliament observed several minutes of silence Friday in his honor. Mr. Streibl's political career began in 1962 when he was elected to the Bavarian State Parliament for the ruling Christian Social Union. Mr. Streibl was appointed secretary-general of the party in 1967. He became state finance minister in 1977 and state premier 11 years later.

He resigned in 1993 under the cloud of the "Amigo affair," with allegations surrounding government loans to an aviation entrepreneur of millions of Deutsche marks for a fighter plane project.

Martin Rodbell, Nobel Scientist

Many young Indonesian Chinese never learned Hokkien, the prevalent dialect in both Medan and Penang, or any other Chinese dialect. Some, like Miss Roswaty, speaks a mixture of Hokkien and Malay, but cannot read or write Chinese.

Today, the Indonesian Chinese studying in Penang are taught Mandarin and Hokkien, learn traditional songs and celebrate Chinese festivals with their Penang ethnic cousins.

"As long as there's talent and as long as there's capital coming in, I think they open their doors very wide."

"I think we've said all along that the best option here would be an Unscorm that can do its job," he replied.

"If Unscorm can't do its job, then we're left to take our own action. And that continues to be our position."

UN weapons inspectors testing Iraqi compliance continued to work Friday.

"Some of the teams went out, not all," said a Unscorm spokesman, Caroline Cross.

She did not say if the reduced operations were in deference to Iraqi requests that inspectors respect the Muslim Sabbath.

## PINOCHET: Day of Drama

Continued from Page 1

Parkinson said he had not heard the Unscorm properly, the general was asked to identify himself again, and he gave a perfect repetition with the same set-jaw delivery.

In legal terms, the session was a simple bail hearing, but in all other terms it was a day of high drama. Hundreds of supporters and protesters chanted slogans and beat drums as the police convoy bearing the man who once wielded absolute authority in his country sped into the Belmarsh courthouse next to a maximum security prison in a bleak lowland area known as Plumstead Marsh. A beige coat was pressed against the back window of his van to block any view of him.

With General Pinochet glaring from his position in front of the dock while a translator whispered in his ear, Mr. Parkinson crisply read out the charges against him — attempted murder, conspiracy to murder, torture, conspiracy to torture, hostage-taking and conspiracy to take hostages.

At strategic points in the crowded room were armed police in bulky bullet-proof jackets.

In response to a question from one of his lawyers, General Pinochet's bail conditions were amended to permit him to take exercise in the garden of the luxury rented home in the exclusive Wentworth Estate in suburban Surrey where he is living under police guard.

"It would be inhumane to stop the senior walking in the garden as and when necessary," Mr. Parkinson said.

Then a new date, Jan. 18, was set for the next hearing, a procedural session that will not require the presence of General Pinochet.

Spain wants General Pinochet extradited to face charges of mass murder, torture and terrorism in connection with the more than 3,000 people who died or disappeared during the 17 years he ruled Chile.

A new legal clash is set for Tuesday when a committee of the Law Lords of the House of Lords takes up a request by the Pinochet attorneys to reconsider their judgment last month that their client does not enjoy sovereign immunity from arrest in England.

It was that Nov. 25 decision, a surprise reversal of a High Court verdict in his favor a month earlier, that set the Pinochet case on its present lengthy course that could stretch on for more than a year.

The Law Lords consider the highest court in England, and there has only been one request in the past 175 years for an appeal of one of its

## ART

*In an Unreal City, Real Art Beats the Odds*By Michael Kimmelman  
New York Times Service

**L**AS VEGAS — This being Las Vegas, the art gallery at Stephen Wynn's new Bellagio Hotel was still open 11 o'clock, so I wandered in. Every day, I'm told, 1,800 people, the maximum number allowed, pay \$10 to see what is in the gallery's two small rooms (dark walls, spotlights on the pictures). Half the visitors buy the \$4 audio guides narrated by Wynn.

The crowds had thinned at night, which made it easier to see the Brancusi and Giacometti sculptures and a big Franz Kline painting called "August Day." I mention those three works, among the couple of dozen things on view, because the next morning, when I returned to take another look, poof! They were gone. They'd been sold and shipped out in the middle of the night.

Hey, this is Vegas. What do you expect? Novelty rules. Did you see the Bellagio's advertising blitz, with its pictures of lovers on balconies and spouting fountains? Of course, much of the hoopla about the hotel was generated not by advertisers but by art writers who, in praising the art that Wynn had

bought, helped to sell the idea of the place as a quasi-museum.

Las Vegas, we were led to understand, was no longer a city of simulated histories, stuck forever in the ephemeral present. Now it had real paintings and sculptures, which linked it to cultures older and bigger than itself.

Except, as it has turned out, it didn't necessarily have these particular paintings and sculptures, because like everything else in gambling's unofficial capital, the art was for sale: Wynn legally became an art dealer to get a tax break on the collection, a situation that requires him to keep the art in the gallery on the market.

I thumbed through the collection catalogue, a remarkably good document put together by his curator, Libby Lummick, with essays by such writers as Dave Hickey and Peter Schjeldahl and Richard Schiff. I calculated that half a dozen of the works in the catalogue had already been sold: besides the works by Brancusi, Giacometti and Kline, a Johns, an Oldenburg and a Lichtenstein are gone. A couple of Warhols are poised to go; they've been removed from the gallery.

If I sound critical, I am not. What Wynn is doing doesn't bother me. There's something refreshing about the

fact that his money is, so to speak, on the table. If Wynn treats great works of art a little like poker chips, if what he enjoys is the art of the deal, he is no different from many other collectors, just more public about his activities.

Give him credit: He has found a way to sell his hotel by promoting his art and to sell his art by promoting his hotel, the buzz about one helping to stimulate the buzz about the other.

Even the money the gallery makes in from tickets and audio guides (around \$25,000 a day) seems to me proof of Wynn's marketing savvy, not because the money helps the hotel's bottom line (it goes to charity, Wynn says) but because, in this city, charging admission makes more people want to look at the art. Where everything is measured in money, nothing worthwhile is free. Hence, the gallery's appeal is paradoxically enhanced by its fees.

I mention all this because I had the sense, in looking at Wynn's collection and in watching other people look at it, that something rather curious was taking place. It has to do with wonderment. The art here has acquired a life that seems to match its new, unorthodox environment. Las Vegas exists for the pursuit of pleasure. People who have

never looked at art before are discovering a new pleasure in Cezanne, which can't be a bad thing. After I stopped into the gallery at night, I went to see the hotel's other big attraction, the Cirque du Soleil's "O," as in "can." It's like most Cirque du Soleil shows — the same acrobatics, basically — except that much of it takes place in a vast pool of water, which miraculously comes and goes on-stage.

I mention it because "O" is not unlike the hotel's art gallery, in that its gimmick involves something foreign to Las Vegas. Las Vegas is a desert, and just as you don't expect to find great art here, you don't imagine that a lake can be conjured up, then suddenly made to disappear.

**A** FUNNY thing happens as a result of this cognitive dissonance: Neither the art nor the water seems altogether real at first. They are initially absorbed into the simulationist culture of Las Vegas — they seem unbelievable.

Hickey, the art critic, who lives here, jokingly describes the situation as "post-hyper-real-real." Spectacle being the ultimate form of reality here, real art becomes a kind of phenomenon skin, say, to the world's biggest gold nugget at Wynn's Gold Nugget casino.

Authenticity as a thing in itself becomes an attraction. Visitors to the Bellagio are enticed by the idea of their proximity to a genuine Monet. I heard a man in the gallery ask whether the art was real. In one of the hotel's restaurants, which has a number of Picassos on its walls, diners ask the staff the same question.

Hence, the aura of the true object is enhanced by contrast with its opposite. This is one of the odd lessons here. Another lesson: Good art is astonishingly elastic. It survives almost anything and adapts to whatever circumstances you put it in, opening itself up to new meanings and allegories. Hickey mentioned to me the way a Modigliani por-



A scene from the Cirque du Soleil's production "O" at the Bellagio.

trait in the collection looked when, at one point, it was hung over a baccarat table in the hotel's casino. The picture's stave, Mediterranean sensibility suddenly became apparent in a way that would not necessarily occur in a museum.

Not all paintings are at home in museums, after all. Most of them weren't painted with museums in mind. Museums are neutral and neutralizing spaces, which is why it is a lot more memorable to come upon a good 1970s De Kooning behind the registration desk of a Las Vegas hotel than in the Museum of Modern Art.

Lately the Pop pictures sold by Wynn (who is himself a kind of pop figure and therefore perhaps too close to pop to see fully its merits) have been replaced by a Rembrandt and an excellent Rubens, both on approval, meaning he is thinking about buying them.

Having taken the measure of his audience and the art market, he's clearly reconsidering the slant of the collection, selling off post-1950s art to orient what is on view more to the tastes of the

novice public that the hotel attracts. To Wynn's credit, he doesn't seem to want to compromise the quality of what's on view in the process. At least not so far.

**I**T HAS been said that Las Vegas is the most democratic of cities because slot machines don't care what race you are or where you went to school. Everyone faces the same odds. In a way, Wynn seems to regard his gallery of multimillion-dollar paintings as a populist enterprise. I would add that it is also a symbol not of a new, culturally mature Las Vegas but of the old, wild, unpretentious Las Vegas, where everything is fantastical and nothing stays the same.

Wynn says that only a great deal of money would cause him to part with his favorite works in the collection (a Van Gogh, a Cezanne, a few Picassos), a statement meant to signal that his art is not entirely up for grabs. We'll see. I suppose this is about as much of a guarantee of stability as you can expect around here.

## BOOKS

## MAKING THE WISEGUYS WEAK

The Jimmy Roselli Story  
By David Evanier. 260 pages.  
\$24. Farrar Straus Giroux.

Reviewed by Jonathan Yardley

**T**HIS rather peculiar book is, if nothing else, a useful reminder that in the vast world of American popular culture a performer need not be famous to be hugely, indeed wildly, successful. Jimmy Roselli, born as was Frank Sinatra in the dreary New Jersey city of Hoboken, has enjoyed none of the global celebrity that befell his late contemporary and rival, yet within the Italian American community of the Northeast United States he is every bit as well known, and as a result seems what most Americans would regard as a staggering amount of money.

Exactly why David Evanier chose to write a biography of Roselli is far from clear. As his title indicates, he spends a fair amount of time on Roselli's on-again, off-again

connections to the Mafia, and he is interested as well in the various ways that Italian culture lives on (and adapts) in the country among those who moved there and their descendants. But Roselli does not have a particularly interesting story, and Evanier does not make much from the raw material it offers.

Roselli is now in his early seventies, but advancing age seems to have had little effect on his singing voice, the reach, passion, power and warmth of which, Evanier says, "make it one of the great experiences in American popular music." Specializing in sentimental Neapolitan songs and "saloon songs" of the Gay Nineties" such as "My Gay Sal," "When I Lost You" and "My Melancholy Baby," Roselli performs pretty much when he feels like it and "commands a staggering night fee of up to \$100,000" a performance, "earning 'well over a million dollars a year."

His audience is mostly, if not exclusively, Italian American. It represents the entire range of that community, women most particularly; whatever their age or income or status, they swoon over Roselli just as women over Sinatra in the years when he was, simply. The Voice, Roselli is particularly admired

at all levels of the Mafia, and over the years has crooned the "treacly" 1929 tenor-killer "Little Pal" to Carmine (the Snake) Persico, Sam Giancana, Carmine Galante and Carlo Gambino. A person familiar with this aspect of Roselli's career describes it as "cute."

"They'd sit there listening

to him sing these Italian love songs or songs about Mama, about their parents, and how they grew up, that fitted into these guys' lives: Bent-nose guys, big guys. They'd sit there, a dozen of them, crying. I'd go backstage afterward and Jimmy would say, 'You see those guys? I had 'em cryin' like babies.' He'd get the biggest kick out of that. He told me a hundred times."

Yet if this has given Roselli

satisfaction, it has also given him trouble. By his own testimony, he's not always marched in lockstep with the mob. For him as for many others growing up in places like Hoboken, the attraction of the wiseguys, the allure of easy money, was powerful, and over the years he often succumbed to it. But he is also a prickly, independent and more than slightly self-destructive guy who has a penchant for making enemies and going his own way. In the late 1960s, after years of fairly close connections to the Mafia, he "stopped playing

footie with it and declared his independence of Mafia control."

Even though this declaration is not quite so emphatic as one might like to believe, essentially Roselli has been his own man for three decades. There is some reason to believe that this has cost him in fame and wealth, especially by contrast with Sinatra, who knew how to stay on friendly terms with godfathers and wiseguys and their characters, but he seems to have no regrets about it. He has found his place in the world, has made a going concern of it, and that seems to be quite enough.

If there are any morals to be drawn from this tale, Evanier does not lead the reader toward them. That murderous Mafioso can also be a soft-hearted sentimentalists is a commonplace, and not a very appealing one, and this account adds nothing to our understanding of it.

The same goes for the Italian-American community, the closeness and rich emotional life of which have been well documented over the years.

Roselli is a mildly interesting example of how one person

has made a successful and somewhat eccentric life for himself in that community,

but that's about as far as the story goes.

Washington Post Service

## SOUNDS OF THE PAST By Richard Silvestri

## ACROSS

- 1 Clog iron
- 2 Come clean
- 3 Diner bottle
- 4 Harangue
- 5 Carol opening
- 6 Property receiver
- 7 Cook on the screen
- 8 Three's Company
- 9 Hard to plow, perhaps
- 10 Finish last in a racing contest?
- 11 Luster on display?
- 12 This side of
- 13 Plunge suddenly
- 14 Thirst quencher
- 15 Geocentric word
- 16 Desealers
- 17 Spider-Man creator Lee
- 18 Have relevance
- 19 Fools
- 20 Top gun
- 21 A nephew of Donald's
- 22 Best
- 23 Commodities exchange areas
- 24 1899 warrio
- 25 Dodge
- 26 Breakwater
- 27 Took wing
- 28 Panel of firemen
- 29 Panel of firemen people?
- 30 Manchurian border river
- 31 Collegiate starter
- 32 Seeger of song
- 33 Witch's place
- 34 Team number
- 35 Brand of source
- 36 One of the wealthy
- 37 Jackson 5 member
- 38 Bough
- 39 Sound off
- 40 Maze area
- 41 Maze area
- 42 Inventor of the stock ticker
- 43 Abu Dhabi bigwig
- 44 Step perfume?
- 45 Many chords
- 46 Reilly
- 47 Bob in the Olympics
- 48 Property receiver
- 49 "The Grapes of Wrath" name
- 50 Adjutant for progress grp.
- 51 Sound of a step
- 52 Rain in
- 53 It ends in Oct.
- 54 "It ends in
- 55 This side of
- 56 Plunge suddenly
- 57 Thirst quencher
- 58 Geocentric word
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- 81 Sound of a step
- 82 Rain in
- 83 It ends in Oct.
- 84 Bridge-support combine?
- 85 Payoffs to chart makers?
- 86 Nominal
- 87 Self-important sort
- 88 Orbital point
- 89 Bridge-support combine?
- 90 Builder's choice
- 91 Profitable extraction
- 92 Sectional
- 93 Recipe verb
- 94 Orbital point
- 95 Bridge-support combine?
- 96 Another
- 97 Undivided
- 98 Stirred up
- 99 Searches blindly
- 100 Become whole again
- 101 Two of Henry's six
- 102 Nominal
- 103 Self-important sort
- 104 Fit for farming
- 105 Another
- 106 Undivided
- 107 Stirred up
- 108 Searches blindly
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## ART

*A Masterpiece  
Of the 1400s*

## Works of a Mystery Genius

By Hank Burchard  
*Washington Post Service*

**W**ASHINGTON — Sandwiched between the blockbuster Van Gogh and Edouard Manet exhibitions at the National Gallery of Art is another show of such depth and beauty it would be the headliner at almost any other major museum.

"Love and War: A Manual for Life in the Late Middle Ages," which runs through Jan. 31, displays the masterpiece of a mystery artist who has fascinated art lovers and historians for more than 500 years.

The 15th-century illuminated German manuscript was drawn and painted by a genius known only as "The Housebook Master." It has been borrowed from the princes of Waldburg-Wolfegg, who have held it in the treasure room of their castle in Baden-Württemberg in southern Germany since about 1650, when it was acquired by their ancestor, Imperial Heraldary Lord High Stewart Maximilian Willibald (1604-1667).

The Housebook, probably prepared for the *castellan*, or overseer of a castle, is so delicate it is rarely shown even at home. It is all the more invaluable because of the insights it gives into the real, rather than the formalized or romanticized, life and times of the late Middle Ages.

Its antiquity alone would make the Housebook precious, but it is art of such high order as to be ageless. The exhibition's curator, Andrew Robinson, salutes the master as the earliest major user of drypoint engraving, a technique by which an image is drawn directly on the printing plate with a sharp stylus. This allows great spontaneity, fluidity of line and subtlety of shading, although the delicate lines degrade after only a few impressions.

The Housebook Master stood head and shoulders above most of his contemporaries. He ranks with any artist of any time in his craftsmanship and his ability to suggest human character and relationships and to depict motion and emotion. His embrace was universal: Princes, priests, prostitutes, peasants and prisoners are rendered with equal attention and sensitivity. A captivating drawing of babies at play is one of the earliest and rarest examples of children featured as the central subject of an artwork.

**A**ND he is funny. His panorama of a house of ill-repute is a hoot, and only the brain-dead could fail to delight in the master's parodies of the puffed-up princesses, the foibles of lovers and the cowering of cors.

The darker side of medieval life is not neglected. Heads roll in battle, towns are sacked, maidens are ravished, pilgrims and merchants are waylaid and slain. A substantial part of the book's five dozen pages are devoted to jousting, military drill, tactics, artillery and siege engines. Another section concerns engineering, mining and metallurgy, the source of the wealth of a new European industrial and commercial class that gave rise to reformation, revolution and the Renaissance. The exhibition includes 19 of the Housebook Master's works from Amsterdam's Rijksmuseum — the unknown artist also is known as the Master of the Amsterdam Cabinet — and all four of the master's works held in American collections.

Scholars have debated for centuries whether the Housebook is the work of a single man or a team, because the illustrations are not of uniform excellence and none are signed or even initialed. The consensus is that all or nearly all of them came from the same hand, but the works were executed over a considerable period of time and that the variations are due to the artist's developing skill.

This exhibition is possible because the book was unbound for conservation, study and the preparation of the full facsimile edition for which antiquarians have long clamored.

Russia Pays Tribute  
To Solzhenitsyn at 80

**R**ussia paid tribute on Friday to their greatest living writer, Alexander Solzhenitsyn, on his 80th birthday and said he helped hasten the demise of the Soviet regime he devoted his life to fighting.

President Boris Yeltsin and the State Duma, the lower house of Parliament, sent congratulations to the Nobel Prize winner, whose frank exposures of Communist repression and Gulag life forced him into a 20-year foreign exile that ended in 1994.

The Kremlin announced that Yeltsin had awarded Solzhenitsyn the Order of the Apostles St. Andrew for "outstanding services to the Fatherland and for his great contribution to world literature." Both liberal and Communist newspapers heaped praise on Solzhenitsyn, who is as critical of the new capitalist Russia as of the old totalitarian system it replaced.

"He is the only writer in Russia to whom the epithet 'great' can be attached with

out any hesitation," said the liberal business daily *Kommersant*, adding that through his works he helped hasten the demise of the Soviet Union he hated.

"Of course the rotten Soviet system would have fallen sooner or later, but it was Solzhenitsyn who drove the stake through its heart," the paper said.

From the other end of the spectrum the pro-Communist daily *Sovetskaya Rossiya* welcomed Solzhenitsyn's diatribes against post-Soviet liberal reforms and his defense of millions of ethnic Russians left stranded in "foreign" countries after the collapse of the Soviet Union.

*Sovydnya*, a newspaper, which like most dailies carried a front-page photograph of Solzhenitsyn, said he was the last in a long line of Russian "teacher-prophets" stretching back to Leo Tolstoy in the 19th century.

"You have to throw your head right back to get a proper look at Solzhenitsyn — before us stands a giant," it enthused.

**HENRY SMITH**  
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JANUARY 1999  
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## Too Late for Beginners in a Shrinking Field

By Sotira Melikian  
*International Herald Tribune*

**L**ONDON — An era is coming to a close. The days are over when collecting Impressionism and the art of the avant-garde schools that succeeded it until World War I helped define the aesthetic perception of a whole society, if only through major donations to museums.

Sophies are down to a trickle, and while Michel Strauss of Sotheby's, the great 19th- and 20th-century painting guru in the auction world, has a point in insisting that major works are still held privately, the fact is that they barely turn up at auction anymore. A few established collectors may continue to feed their passion at intervals, but for new ones to come in would be pointless. There is too little of consequence left to start now.

Sotheby's prime-time sale on Monday night was skeletal compared with any auction of similar ambitions a quarter of a century ago. It ran to 51 lots, of which 24 were bought in, not because money for art is scarce but simply because they were not good enough.

The two pictures billed as the jewels in the crown said all about the dearth of goods.

Gauguin's guitar player illustrated on the cover of the sale catalogue was a quasi-academic portrait dressed up in the colors of soon-to-be Fauvism.

Giddy optimism had inspired the auction house to give it a £2.2 million to £3.3 million (\$3.5 million to \$3.3 million) estimate.

Unsold at £1.75 million, it was

negotiated to an interested party in the room before the sale had even ended, amounting to one more auction house admission that "estimates" mean nothing.

The other "star," also saddled with a £2.2 million to £3.3 million estimate, is unlikely to be dispatched quite so promptly.

"Le Dejeuner Sous la Paix" by Monet is an unfinished picture in which the idea of a couple seated at a table set under a tent is sketched in broad, elementary brush strokes. The painter must have dumped it in a corner of his studio where the executors of the estate found it and had it stamped with a signature. It fell unwanted to £1.5 million.

Christie's appeared to be luckier with its Tuesday evening session as it managed to dispose of 25 of 32 lots, but it was a matter of style rather

than substance. The results, lower than Sotheby's on Monday, told the same tale — too little is left at prices that are too high. Run-of-the-mill works are increasingly difficult to sell.

Those looking for Monet this week were prepared to make additions with specific nuances to an already extant hard core, hardly to acquire standard paintings of medium to low quality. Sotheby's did well with a striking view of the jetty in Le Havre's harbor. Done around 1867, it illustrates a rare early phase of the artist's oeuvre when he was under the spell of his master, Eugène Boudin. The palette is darker than his later Impressionist color scheme, the brushwork vigorous, the composition highly structured. It made £771,500, a high price for a pre-impressionist Monet.

Christie's was luckier still with its cover picture, "Champ d'Avoine." Bright vermilion poppies are strewn across the oat field under a sky filled with the delicate salmon-pink light of an early summer morning. Painted in 1890, when Monet tried to revert to his first Impressionist style, this is a late rewrite of the quintessential Monet of the 1870s that every collector would like to own, hence the price, £2.12 million, which exceeded the highest expectations pinned on the picture.

**M**INUTES later, came the turn of an exquisite view of a canal in Amsterdam with the spire of the Zuiderkerk at the far end.

This kind of urban landscape is rare within Monet's oeuvre and its deeply poetic atmosphere equally unusual. Dating from 1874, the year of the first Impressionist exhibition, the view comes as close as

Monet ever gets to a Romantic landscape. Imminently attractive, it gracefully ascended to £683,000.

There was not much otherwise that could be claimed to project the quintessential image of any of the great Impressionist's oeuvre.

The only work that could be argued to come anywhere near this definition was a charming but small (27.5 by 38 centimeters), monotype by Degas heightened with pastel. The subject, a woman in her bath bending to clutch a towel as she is about to step out, is a favorite with Degas admirers. Although a heightened monotype (i.e., a print of which only one impression is made) is not

considerably less in real money.

Even so this was too much. It came unstuck as the auctioneer called out "£120,000" and brought down his hammer. Another Pissarro with stamped initials, "Femme à Bazincourt," likewise failed at £220,000. Renoir's "Le Poirier," a better picture of a pear tree in a wild patch of grass, interested no one. It was bought in at £120,000. And the list goes on.

When Christie's took over on Tuesday night, the havoc continued in the lower strata.

Monet's "Chemin des Vignes, Argenteuil," painted in 1872, was neither good nor bad, just dreary. Not one bid came from the room as it

crashed at £50,000, followed in a row by Sisley's "Le Barrage de Saint-Mammès" and Renoir's portrait of a girl.

If there were brilliant scores this week, all were achieved outside the Impressionist area.

The most striking concern

is John Lavery, the Irish artist

from Belfast, a contemporary of the Impressionists who

painted in a highly idiosyncratic style. At Christie's

"The Bridge at Grez," one of his finest works, done in France in 1883, doubled its previous record set last year, as it went up to £1.32 million.

Seen from the perspective

of modern art, the gem of the week was André Derain's "Fauve" painting of trees at *Les Taillades*, painted in 1906 with a freedom that betrays the impact of Abstractionism on the French artist. Sold at Sotheby's for £661,500, it was a brilliant acquisition.

This is the more astonishing

as the new focus is increas-

ingly on the 20th century. It was more evident than ever this week as it helped send the banal Paul Delvaux to a new record level at Christie's — on

Thursday night "La Ville Inquiète" of 1941 sold for £2.97 million, nearly triple the previous record. That should happen at the very moment when a diluted brand of Surrealism invades commercial advertising in Europe is no coincidence.

A new society with a new aesthetic perception is taking shape. Those who gazed at Impressionism in the 1960s and 1970s would not recognize it.

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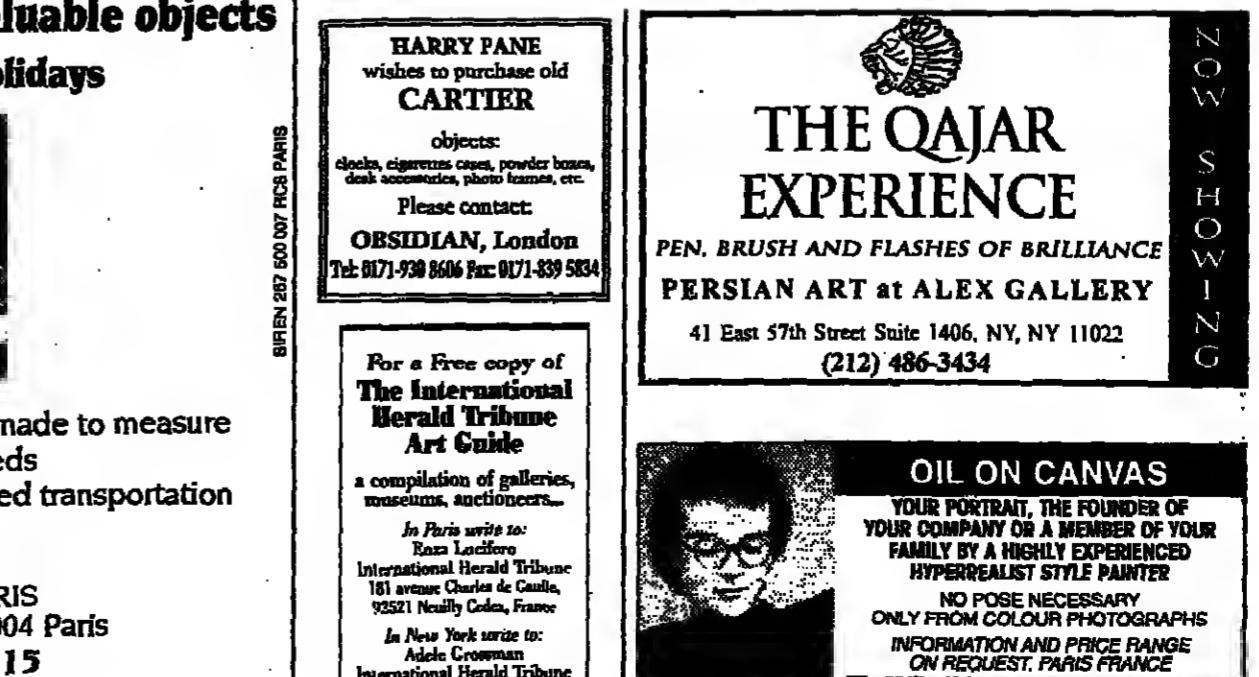
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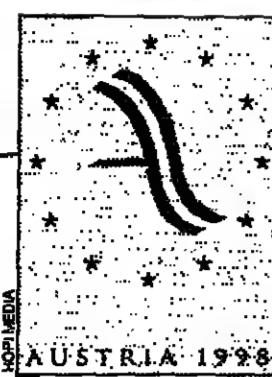
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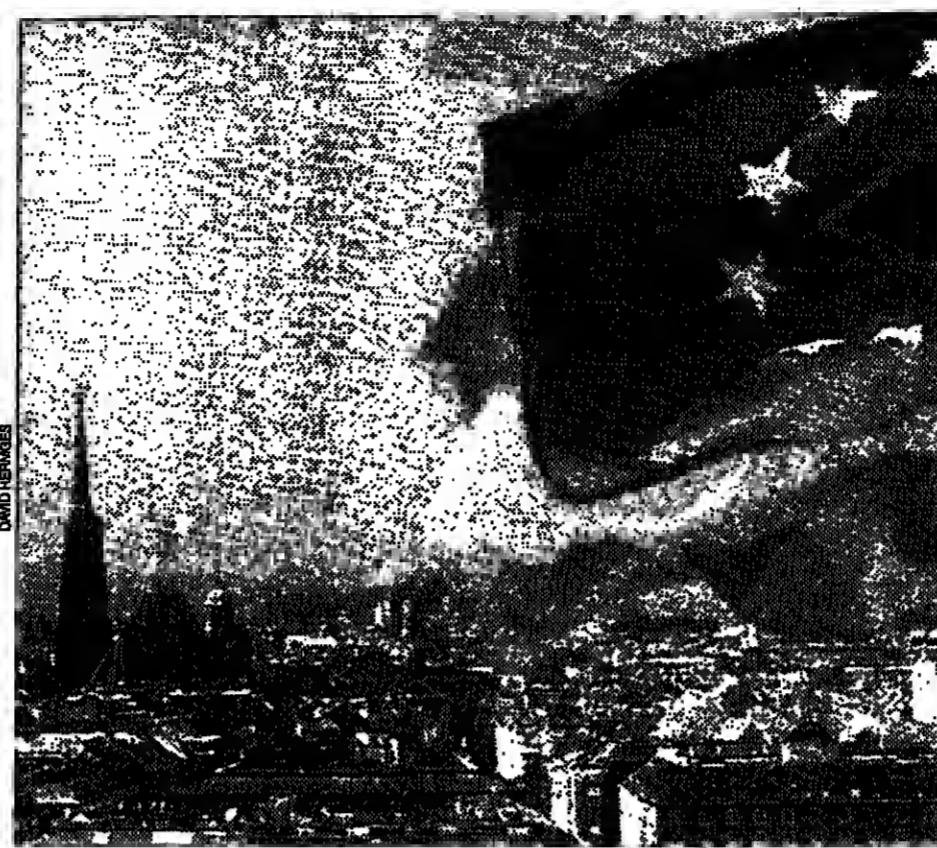
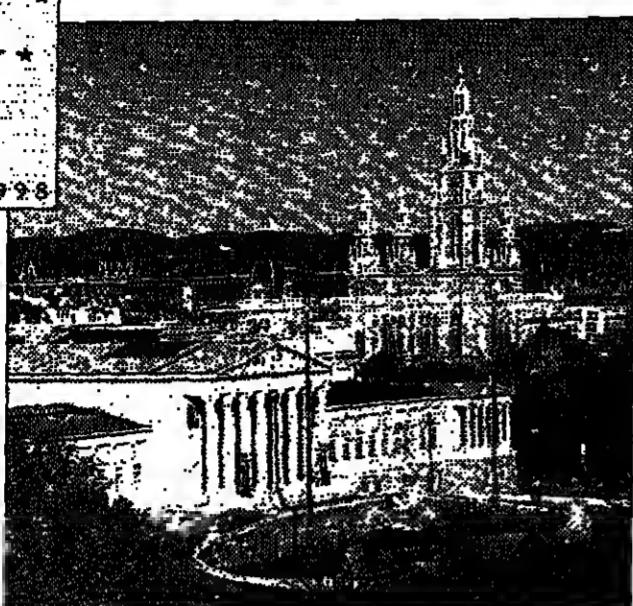


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As its six-month European Union presidency comes to an end, Austria has much to be satisfied with. The current summit in Vienna will underline EU progress on several different fronts.

## EU SUMMIT IN VIENNA



### TOWARD A GREATER UNION

*The EU's political clout has recently moved into sharper focus.*

**A**s Austria nears the end of its term as president of the European Union, it is taking stock of its performance in managing the day-to-day affairs of this sprawling community of 373 million. Whereas the 12 "old" EU members tend more to regard the six-month rotating presidency as a routine matter, Austria, as the first of the three newcomers, set out on July 1, 1998 to make its mark as an innovator that would really get things moving.

"The foremost task of the presidency is, as an honest broker, to attain compromises for the benefit of the whole union," said the Austrian foreign minister, Wolfgang Schüssel, on taking up his duties as president of the EU council. His activities since then, both inside and outside Europe, have

Tirol, environment to Styria, health to Burgenland, foreign affairs (the Gymnich meeting) to Salzburg, arts and agriculture to Upper Austria, transport to Vorarlberg, industry to Carinthia and education to Lower Austria.

Vienna, for purely organizational reasons, was the site of the large-scale meetings, including finance (the "Ecofin" meeting) and justice, as well as the conference of EU and Southern African Development Community foreign ministers. All this was in addition to the chairmanship of well over 2,000 EU working-group meetings in Brussels, Luxembourg and elsewhere.

A highlight was the informal summit of EU heads of state or government held in late October in the Carinthian lakeside resort of Pötschach. For several reasons, this was seen as a turning point in the Austrian presidency — possibly even in the history of EU development. It gave the first chance for the new German Chancellor Gerhard Schröder and the new Italian Prime Minister Massimo d'Alema to make their presence felt in the predominantly left and center-left circle of European administrations. (The departing German chancellor, Helmut Kohl, was accorded Honorary Citizenship of Europe as a way of showing appreciation for his efforts on behalf of European unity.)

Pötschach was also memorable for the appearance of Yasser Arafat. The Palestinian leader, on his way back from the Wye Plantation conference in the United States following agreement on the peace process with Israel, expressed thanks for the massive moral and financial support given by the European Union.

Some witness to this intention, even if EU reality has not always brought the desired immediate response.

"We want to get Europe into fighting shape," said the Austrian federal chancellor, Viktor Klima, before battling his way — twice — through European capitals to rally heads of state and government behind new plans for tackling the serious problem of Continent-wide unemployment.

#### Words and deeds

These were the banners nailed to the flagpole of the EU presidency during the last six months of 1998. The nuts and bolts EU procedures, although for the most part unspectacular, were vast in scale. More than 40 ministerial conferences were held, mostly in Austria. Each of the nine federal provinces was in its turn able to play host to at least one major event. Employment and social affairs went to

It was partly this interlude that prompted Mr. Schüssel to draw attention to a fundamental problem facing the EU as it is now constituted. With crises breaking out during the past few months in Albania, Kosovo and Russia (not to mention Indonesia and Japan), the president of the European Council expressed the widely held opinion that while "the EU is a heavyweight in economic terms, it is only a lightweight politically." He added: "Europe should move from being a global player to becoming a global player."

The solution he proposes is twofold. First, the so-called General Affairs Council, which meets every week to discuss EU issues, should be given greater discretionary powers to perform its tasks fully and effectively within a union that is becoming increasingly complex. Second, the long-mooted appointment of a Mr. or Ms. Common Foreign and Security Policy should be transformed into reality so that Europe can make itself heard abroad with a convincing, coherent voice.

Speaking in Pötschach, Mr. Schüssel said the key element of any comprehensive EU strategy must be the primacy of politics over economics.

In this he was seconded by Mr. Klima, who openly called for greater accountability and transparency — while fully respecting its independence — from the European Central Bank. ■

#### ON UNEMPLOYMENT

**VIKTOR KLIMA,**  
AUSTRIAN FEDERAL CHANCELLOR

"We want to get Europe into fighting shape."

### A LOOK AT THE STATE OF THE EU AGENDA

*Significant progress has been made on the issues of enlargement and formulation of policy.*

**A**s the climax of every EU presidency, the European Council is expected to summarize the achievements of six months' hard work over a whole range of EU activities. To the nature of things, however, this twice-yearly summit — the last one was in Cardiff in June — tends to be a report on a "work in progress."

At the current summit, Austria as the host country and Vienna in particular are being given an opportunity to highlight their contributions to EU development.

Alongside the heads of state and government from the 15 member countries, who are addressing the formal agenda, the current president of the European Commission, Jacques Santer, and the president of the European Parliament, José María Gil-Robles, have been invited to raise issues of concern.

**B**racing the foundation Even if no major breakthrough can be expected on this occasion, several matters of general interest will be handled and possibly brought a stage nearer as applicants.

Closely linked with this issue is the question of financing the Common Agricultural Policy, whose structural ramifications would be totally altered if the farmers of Eastern Europe were to be included as beneficiaries on the same terms as their present Western counterparts.

Possible, but generally considered unlikely, is the nomination by the European Council (largely at Austrian urging) of a person who would be entrusted with speaking for the EU on its Common Foreign and Security Policy. Several names have been put forward, but the choice is a difficult one in view of the underlying tension felt between

leading EU members on foreign affairs and security issues.

Of more immediate concern, since monetary union will soon become reality, is the need to decide on EU representation in dealings with the International Monetary Fund, the World Bank and the Group of Seven. On this matter, a formal if somewhat complicated solution — involving a triumvirate of representatives — was reached last week, but may well have to be adjusted before the Vienna Council approves it.

The Austrian presidency will, whatever happens, be remembered for its completion of the final stages leading up to introduction of the single currency.

Commenting on the occasion of the minting of the first Austrian euro coin, Rudolf Edlinger, the minister of finance, said: "If the present wise [monetary] policy is pursued, then Europe will become a bulwark of stability and employment. However, the euro is a currency unit, not a miracle drug — the road, not the destination."

Whatever happens, Dec. 31, 1998 will be of historic importance because the exchange rate for the euro will then be fixed for the formal launching of the currency, first as an accounting unit, on New Year's Day 1999. ■

*Vienna, with its majestic architecture and easygoing ambience, has been the site of several large-scale EU meetings this year.*

#### ON EU ROLES

**WOLFGANG SCHÜSSEL,**  
AUSTRIAN FOREIGN  
MINISTER

"The foremost task of the EU presidency is, as an honest broker, to attain compromises for the benefit of the whole Union."



"Europe should move from being a global player to becoming a global player."

**"EU SUMMIT IN VIENNA"**  
was produced in its entirety by the Advertising Department of the International Herald Tribune. It was sponsored by the Austrian Federal Government and the City of Vienna.  
WRITER: David Hemges in Vienna.  
PROGRAM DIRECTOR: Bill Maher.

## SOLID PROPOSALS TO HELP LOWER UNEMPLOYMENT

*Austria is putting forth to the EU some of the suggestions it has found effective at home.*

**I**f there is one field in which Austria can rightly claim to have made an impact on European Union policy during its three years as a member, it is in employment.

With the EU as a whole showing the alarming figure of 16 million to 17 million jobless, Austria (with 4.4 percent unemployed) is one of the countries in Europe with the lowest jobless rates, compared with 9.9 percent for the EU, according to the OECD. This has been regarded as a matter of prime sociological importance by successive governments in Vienna.

In concrete terms, the plan of action she has put forward for job creation puts great emphasis on equal opportunity for men and women, including creating better conditions for combining family and career, a fundamental



Minister Eleonora Hostench

civil right, in her view. The plan also suggests that, in keeping with experience gained in Austria, at least 20 percent of the jobless should be offered training schemes, aimed particularly at cutting youth unemployment and seeing that elderly workers are not left jobless.

Other points were that tax systems must be modified to reduce the costs (including the hidden costs) of labor and that increasing attention should be paid to creating jobs in new technology sectors, coupling this with the encouragement of lifelong learning.

Ms. Hostench concluded: "I would like to see the Vienna EU Summit in mid-December settle on the basis for further development in this respect of a completely new quality of European employment policy."

### SOME NEW EU READING

Three English-language publications have appeared during the second half of 1998 that together provide a well-rounded picture of Austria and the part it has played in the presidency of the European Union.

"Austria and the European Union" is the title of the special 25th anniversary issue of the quarterly journal *Europäische Rundschau*. In it, a distinguished cross-section of economists and politicians provide a sober, realistic and differentiated picture of Austria in the current decisive year of European integration.

While stating that it is difficult today, at the end of the century, to give an accurate and clear assessment of the strength of the Austrian economy, Helmut Kramer, director of the Austrian Institute for Economic Research, says there has been so much dynamism and change in the late 1980s and '90s that it is hard to keep track of: "The country's presence on virtually all international markets is weak, with the exception of those in the immediate geographical neighborhood... But even here the conceivable potential has not been exhausted."

"Austria and the European Union Presidency" (KERC) fills out the picture with a political perspective. Summarizing the contents of an international conference held in June 1998 at Chatham House, the Austrian ambassador in London, Eva Nowotny, gives a refreshingly clear outline of the main issues confronting her country during the presidency: "It is clear that with the packed schedule of EU business, much of it inherited from earlier presidencies, there has been little scope for Austria to initiate new policy lines of its own."

She emphasizes, however, the importance attached by Austria to building bridges within the EU and to Central and Eastern Europe, although this is a delicate balancing act. "Austria, Europe, Time and the World" (Residenz Verlag) adds a critical, intellectual insight into the current situation from more than 20 contemporary writers in Austria. With wit and irony, they fill in the gaps in the formal framework of treaties and protocol that has built up willingly around Austria's EU presidency.

## EU SUMMIT IN VIENNA

### VIENNA ROLLS OUT THE RED CARPET (AND SNOWPLOWS)

Austria's capital has prepared for every kind of eventuality during the EU summit.

**N**ot since the Congress of Vienna in 1814-15 has this city on the Danube seen anything comparable. Unlike its historical antecedent, however, the current European Council meeting — the culmination of the six-month Austrian presidency of the European Union — has no time for dancing or courtly affairs. At this week's summit, heads of state or government and finance ministers from the 15 EU

lemonical from the security point of view.

The police are taking no chances. To ensure swift traffic access for the official convoys of limousines with their flashing blue-light escorts, the whole Hofburg Congress complex area and the adjoining Heldenplatz (Heroes Square), with its museums on the Ringstrasse, have been closed to pedestrians and all normal traffic.

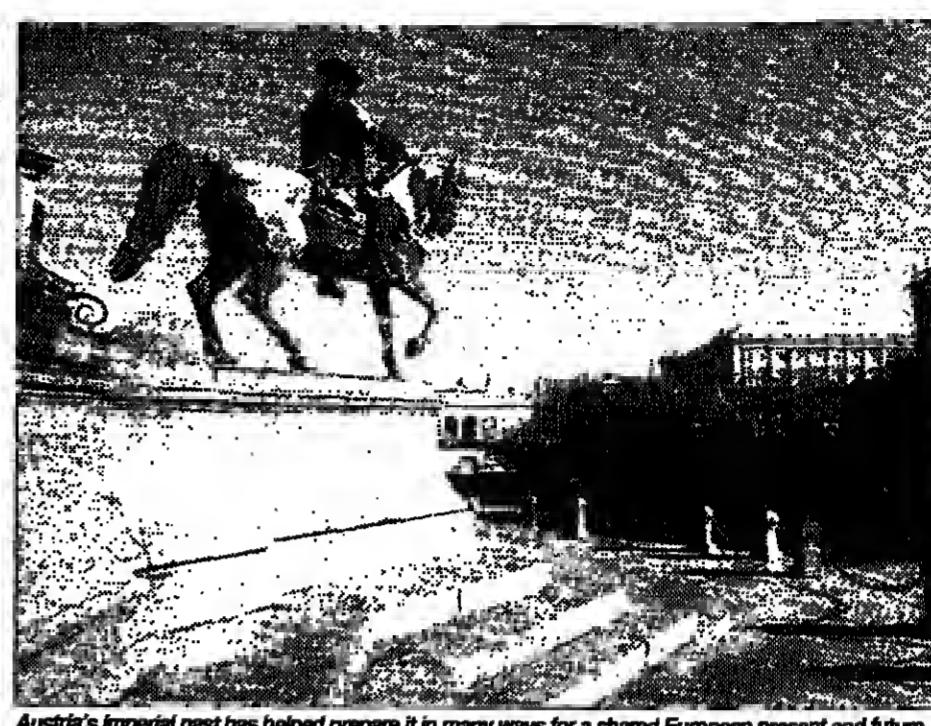
Car parking will be prohibited, even for taxis and fiacres. One bus line has been canceled entirely for the duration. Some 50 shops in the immediate off-limits zone are temporarily inaccessible to customers.

Although special federal security units (such as the sewer brigade and helicopter patrols) have been put on alert, there remains one threatening, incalculable factor.

Should the heavens decide to dump half a meter or more of snow on the city, the municipality's road-clearance department will be on call to show it can cope with the problem instantly.

As for the hordes of translators, interpreters, technicians and media representatives, they will need photo-identification passes to enter the conference area. Once there, however, working conditions are truly of Hofburg (literally "court-castle") standard, especially for the thousand or more print and photo journalists expected, who have every conceivable modern facility at their disposal.

Television and radio teams also have their own on-site studios. •



Austria's imperial past has helped prepare it in many ways for a shared European present and future.

DAVID HERZOG

member states have a mind-boggling workload to cover in just two days.

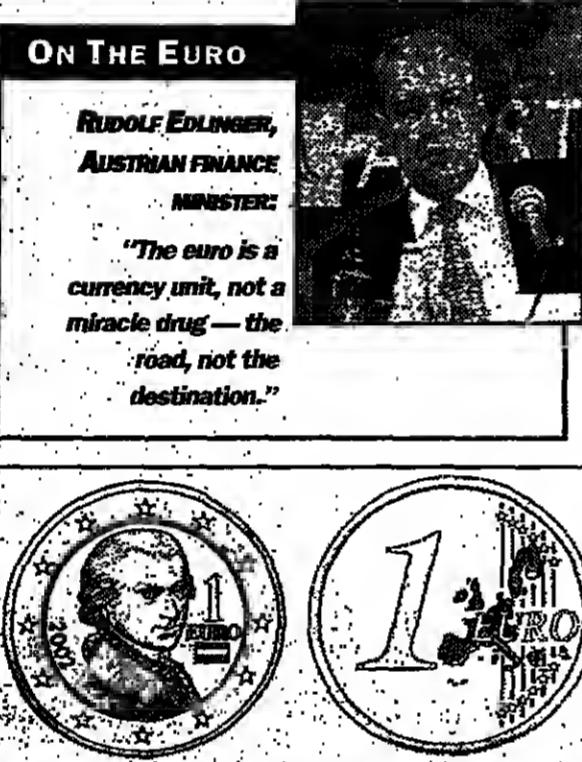
Best foot forward.

As far as is humanly possible, the smooth running of the event has been assured through close cooperation between the Austrian federal authorities, representing the presidency, and City Hall, with each side eager to put its best foot forward.

There have been several smaller-scale dress rehearsals this year for the current big occasion. In September, EU finance ministers held their regular meeting in Vienna, and the EU heads of state gathered during October in Pötschach, Carinthia for an informal lakeside summit.

This more formal occasion, set in the heart of a major city at the height of its holiday shopping season, is regarded as much more problematic.

Television and radio teams also have their own on-site studios. •



#### ON THE EURO

**RUDOLF EDLINGER,  
AUSTRIAN FINANCE  
MINISTER:**

*"The euro is a currency unit, not a miracle drug — the road, not the destination."*



#### THE CITY PAST AND PRESENT

Several recently published English-language publications disclose unexpected facets of Vienna, in both its past and present guises.

"24 Hours in Europa" (Falter Verlag) takes as its starting point: "Next to globalization, Europeanization is the order of the day."

Produced in conjunction with the Austrian EU presidency, it provides a topical presentation of each of the 15 European Union capitals, with one full day (and night) seen and analyzed entertainingly by a local journalist.

Alphabetically last on the list, Vienna, with its slowness to accept change, emerges as a charming curiosity compared with what the editor calls "the quick-change artists of Eastern Europe" waiting on Austria's doorstep.

This engaging 150-page work concludes, however, with a timely warning that "Western" Europe should not underestimate the ability to overcome crises and cope with chaos demonstrated by EU applicant countries.

"Heritage and Mission —

Jewish Vienna" (Vienna Tourist Board) documents in full the lengthy and complicated relationship of the Jewish community to Vienna — the first recorded pogrom took place in the 15th century. Acknowledgment is made of the broad spectrum of cultural and intellectual contributions made by Jews over the ages to the

present-day artistic and creative status.

Sigmund Freud and Ludwig Wittgenstein, Lisa Meitner and Max Perutz, Gustav Mahler and Arnold Schönberg all had their roots in Vienna. Johann Strauss, the Waltz King, had Jewish ancestors.

Thanks largely to the initiative of former Mayor Helmut Zilk, the Jewish Museum of the City of Vienna was opened in 1993 and has been an outstanding success.

"When Stones Start to Speak" (PID, Vienna) is a profusely illustrated, 50-page booklet featuring the sensational archeological excavations started in 1995 on Vienna's Judenplatz (Jews' Square), once the location of the city's oldest medieval ghetto.

Well below its present surface level, the remains have been uncovered of a 13th-century synagogue destroyed after persecution of the city's Jews and their mass suicide in 1420. The site, named after the famous Talmudic scholar Rabbi Or-Serur, is now undergoing restoration. It will soon be dedicated as a subterranean showroom and memorial.

The current mayor, Michael Häupl, has said that he wants the stone capitals on Judenplatz now to start to speak for themselves.



The Hofburg Palace, where the European Council will meet.

**M**ichael Häupl, mayor and provincial governor of Vienna, says: "Only political and economic integration of the countries of Central and Eastern Europe into the structures of the European Union can create a climate of stability and social justice in Europe."

Obstacles to the realization of this goal are formidable but manageable, he says. Enlargement, in his view, will require a new type of Marshall Plan.

Austria was, of course, one of the grateful beneficiaries of the postwar European Recovery Program, named after its initiator, U.S. Secretary of State George C. Marshall, half a century ago. Says Mr. Häupl: "There is no economic stability without political stability, and vice versa."

The costs of achieving economic stability in the EU applicant countries are sufficiently daunting to suggest that only help from outside can enable the process to be completed within a reasonable time frame.

The idea is to give the emerging democracies of Central and Eastern Europe the chance — just as Austria had in 1948 — to establish themselves on a sound economic footing so that in due course, preferably in the oot-to-distant future, they can become full and equal partners in Europe.

**Pressing concern**  
For Vienna's leading municipal politician, this concern for Central and Eastern Europe is not merely a sentimental attachment, but a historical necessity.

Nine years after the collapse of the old system, even the most prosperous former Communist countries are still struggling to get their houses in order. Tentative political calm has been, or is being, reestablished, but economic assurance is still only a distant vision.

Vienna — long a peripheral West European city, now once again a pivotal Central European one — is particularly well-situated for comparison. Three of the current six first-round EU applicant countries (the Czech Republic, Hungary and Slovenia) are immediate neighbors of Austria. A fourth, Slovakia, hopes to make it to the second round. In none of them is the standard of living (in terms of wages and purchasing power) better than one-third of Austria's.

The obvious corollary is that if any or all of them were given early EU membership (and its associated freedom of movement), there would be a massive flow of labor to the "West," particularly Austria, endangering its employment situation.

Not so, say researchers. There may be an influx of daily commutes for the building trade and similar occupations, but the evidence shows there is little liking among the skilled workforce for job mobility.

Mr. Häupl is convinced, on the other hand, that political and economic integration is vital for the continuation of

democratic development in order to prevent the emergence of a two-class society or, as it has come to be known, a "two-speed Europe."

**Positive factors**

Apart from the possible risks involved in EU enlargement for both labor and business, there are significant opportunities.

Mr. Häupl says: "In the near and mid-term future [the CEE countries] will have a huge need to catch up — in infrastructure, production capital, consumption levels — and they therefore have an enormous growth potential.... The present EU is sure to benefit from that growth."

He adds: "Some 5 million Austrians — or more than 60 percent of the total Austrian population — live less than 100 kilometers from the CEE borders: two-thirds of Austria's economic activities take place in areas close to these frontiers.... The key message is: We will do well only if our neighbors do well."

An immediate concern that cannot wait for a possible decision on enlargement is the need to improve environmental standards in the candidate countries.

Vienna has developed models for cooperation and is encouraging the pursuit of this path at the European level. Concrete evidence of this potential is provided by plans already being implemented between Vienna and Prague, Vienna and Budapest, Vienna and Ljubljana, and Vienna and Warsaw.

In each case, environmental technology, know-how and pollution-control methods have been made available by Vienna for integrated waste management, waste disposal,

#### ON EU ENLARGEMENT

**MICHAEL HÄUPL,  
MAYOR AND PROVINCIAL GOVERNOR OF VIENNA:**

*"Only political and economic integration of the countries of Central and Eastern Europe into the structures of the European Union can create a climate of stability and social justice in Europe."*

*"There is no economic stability without political stability, and vice versa."*



DAVID HERZOG

### A GROWING CENTER FOR THE PROTECTION OF HUMAN RIGHTS

Several international organizations based on the protection of human rights have set up central offices or branches in Vienna.

**A**ustria sees the 50th anniversary of the Universal Declaration of Human Rights coinciding with its EU presidency as a unique opportunity to evaluate the implementation of human rights standards at the international and national levels.

No less a person than United Nations Secretary-General Kofi Annan has backed up this aim in a statement this year, calling for global partnership.

"Human rights are foreign to no culture and native to all nations," he said. "They are universal. One cannot pick and choose among human rights. Whether civil, cultural, economic, political or social, human rights are indivisible and interdependent. And as this century's bloody history has taught us, the absence of human rights is more than a denial of human dignity; it is also at the root of the poverty and political violence that plague our world."

Addressing an audience via satellite at the Vienna International Center, Mr. Annan added: "We draw hope from the fruitful cooperation between the United Nations and the nonstate actors which, taken together, form the embryo of a global civil society."

**NGO cluster**  
Many of these nongovernmental organizations concerned with human rights have, over the years, established bases in the Austrian capital.

The International Helsinki Federation, for instance, promotes the principles of the 1975 Helsinki Final Act and of the successor documents published by the Organization for Cooperation and Security in Europe, which has its op-

erational headquarters in Vienna. The Austrian Helsinki Committee has just published a study called "Searching for a Safe Harbor," which looks into the legal status and living conditions of foreigners in Austria as a result of the new asylum law that came into force earlier this year and of the situation resulting from implementation of the open-border Schengen Agreement.

Particular praise is reserved for UBAS, the independent federal asylum senate, an appeal body for refugees who say their cases are not being given due consideration.

Amnesty International, by far the largest independent human rights body in the world, casts a critical eye on the way

*The European Monitoring  
Center is dedicated  
to investigating how racism,  
xenophobia and  
anti-Semitism can be countered*

prisoners' rights are observed. Together with Caritas, the Austrian branch of the international Roman Catholic charity organization, AI has recently analyzed the results of the new Austrian Asylum and Foreigners Law with some positive as well as negative findings.

In particular, dissatisfaction has been expressed with the "safe third state" ruling accorded to all of Austria's neighbors. This means, in effect, that asylum seekers can be handed back automatically to the country from which they

landfills, the modernization of water supply systems and so on.

Mr. Häupl has a word of warning, however, for the powers-that-be in Brussels. "Europe," he says, "will have to come up with adequate financing programs for retrofitting power plants, filter technologies and the like.... The lion's share of the EU budget now goes to finance the farming sector. If Europe is to keep its capability for economic action, a higher proportion of member states' contributions must in the future go toward financing infrastructure." •

The center's director, Beate Winkler, is determined to build up what she calls a "network of knowledge," to be known as RAXEN, which will be able to play a key role during the next millennium in effectively countering the threat to the democratic system posed by racism and xenophobia.

More specifically devoted to exposing and grappling with anti-Semitism is the Anti-Defamation League, which last year set up its Central European office in Vienna. Its director, Martin Halper, says her office (with the backing of the parent organization in New York, founded in 1913) "attentively monitors the activities of the new democracies in Central Europe and contributes legal and educational assistance in the hope of facilitating the rights of minorities and of promoting the ideas of civil society."

Furthermore, she says, "The small Jewish communities beginning to re-emerge in Central Europe now have somewhere to turn to in emergencies." •

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## BUSINESS / FINANCE

SATURDAY-SUNDAY, DECEMBER 12-13, 1998

PAGE 13

Deutsche  
Considers  
Japan DealGerman Bank Talks  
With Sakura on Tie-Up

Bloomberg News

TOKYO — Deutsche Bank AG and Sakura Bank Ltd. said Friday they may merge their Japanese securities businesses, making the biggest lender in Germany the latest foreign bank to take advantage of Japanese financial industry woes.

Deutsche Bank, fresh from \$10.7 billion of acquisitions in the United States and Europe, said it was talking with Sakura, the fourth-largest bank in Japan, about melding its 500-person securities sales force in Tokyo with the corporate muscle of Sakura Securities Co., which has 180 employees and links with the biggest companies in Japan.

"Japanese banks have to do something to keep their corporate clients happy, but they're limited in their ability to offer products," said Koyo Ozeki, a credit analyst at Merrill Lynch & Co. in Tokyo. "Everyone's seeking these kinds of alliances with foreign institutions."

A successful conclusion of the talks would mark the latest move by a U.S. or European financial company to build in Japan while its financial industry struggles with bad debts, economic recession and sliding stock prices. It woes have forced many companies in the clubby Japanese financial world to look outside the country for expertise in developing new products.

Scores of banks, brokers and insurers — foreign as well as domestic — have already entered into tentative alliances to weather heightened competition as Japanese financial markets deregulate. Moreover, regulations preventing bank-affiliated brokers, like Sakura Securities, from underwriting stock are scheduled to be scrapped before April 2000.

On Thursday, Nikko Securities Co., the third-biggest broker in Japan, approved setting up an investment bank with Citigroup's Salomon Smith Barney Inc. Merrill Lynch earlier this year hired about 2,000 former Yamaichi Securities Co. employees and took over 146 branches of the defunct brokerage. In November, Deutsche Bank and Nippon Life Insurance Co. reached an agreement on asset management.

A tie-up with Deutsche Bank would help give Sakura know-how in advising its Japanese corporate clients on capital market transactions. Japanese companies increasingly are turning to the markets rather than banks for funding, but Japanese banks are not as well prepared as their Western rivals to help them.

Sakura would give Deutsche Bank access to a broader clientele. Sakura is the main bank for the Mitsui Group, which includes Mitsui & Co., a trading company, the electronics maker Toshiba Corp., and the developer Mitsui Fudosan Co. The bank is also the main lender to Toyota Motor Corp.

Sakura Securities also has a close relationship with Tokyo Electric Power Co., one of the biggest private issuers of debt.

For Deutsche Bank, an agreement might also assist its alliance with Nippon Life. Under that alliance, Deutsche Bank will develop and sell European investment funds in Japan and Japanese funds in Europe and buy 10 percent of Nippon Life's mutual fund unit in Japan.

On Nov. 30, Deutsche Bank announced the \$10.1 billion takeover of Bankers Trust Corp. of the United States, making it the world's biggest financial services company with about \$830 billion in assets. Two days later, it announced the \$590 million acquisition of Credit Lyonnais Belgium.

Sakura Securities Co. is ranked third among bank-affiliated securities units in Japan, with about 5 percent of the bond underwriting market.

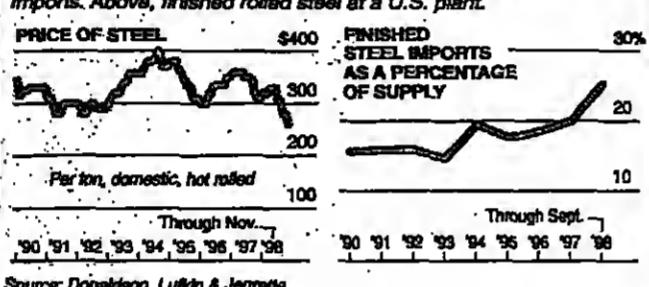
"While we are looking at strategic opportunities in the form of joint ventures or alliances in Japan, there is no agreement with Sakura," a Deutsche Bank spokesman said.

A Sakura spokesman said, "Nothing has been decided, and various options are being considered."



## A Battered Industry

The U.S. steel industry has been hit hard by low prices and cutthroat competition brought on by the global financial crisis and a flood of imports. Above, finished rolled steel at a U.S. plant.



Associated Press Photo

U.S. Set to Be Lenient  
On Russian Steel Imports

But American Firms and Unions Ask Relief

By Paul Blustein  
Washington Post Service

WASHINGTON — The Clinton administration, risking the ire of the nation's steel industry and its union, is planning to start negotiations with Russia on an agreement that would set a ceiling on Russian steel imports while allowing a substantial amount of Russian steel to continue entering the U.S. market.

According to industry sources, congressional staff members and administration officials, Robert La Russa, the assistant secretary of commerce for import administration, is traveling to London next week to meet with Russian officials. They reportedly will discuss a proposal by Moscow to limit its steel shipments to the United States.

The Russians hope the offer will prompt Washington to suspend a "dumping" case by U.S. steelmakers aimed at drying up the flood of cheap Russian steel imports.

The move marks an effort by the administration to reconcile how to help Russia, one of the hardest-hit victims of the global financial crisis, while protecting U.S. firms and workers from the effects of the crisis.

U.S. steel firms and the United Steelworkers union are demanding relief from an influx of imports from crisis-stricken countries that has driven steel prices sharply downward in recent months and caused layoffs at several plants. The complaints from the politically powerful steelmakers about "unfair" foreign competition are putting the administration in a quandary, because moves to curb imports risk undermining hopes for recovery in Asian, Latin American and East European nations that depend on exports to the vast U.S. market.

The dilemma is especially acute in the case of Russia, a nuclear superpower, where steel exports are one of the few bright spots in a devastated economy that threatens to foment social unrest and political extremism.

The administration is sensitive to criticism that its exhortations for free-market reforms in Russia will ring hollow if Washington itself is suc-

cumbing to protectionist pressure.

But the decision to meet with the Russians, which came after weeks of pleading by Moscow, is sure to draw fire from U.S. steelmakers, who are opposed to any negotiated settlement that would interfere in dumping cases they have filed against Russia, Japan and Brazilian imports.

In dumping cases the Commerce Department can impose high duties on products found to be sold below the price in the offending country's own market. And in cases involving "non-market" countries such as Russia, the rules for determining fair prices often lead to the imposition of prohibitively high duties.

Seeking to avert such an outcome, Moscow is seeking a suspension agreement, which would effectively put the dumping case against it on hold in exchange for a "voluntary" ban on steel prices sharply downward in recent months and caused layoffs at several plants. The complaints from the politically powerful steelmakers about "unfair" foreign competition are putting the administration in a quandary, because moves to curb imports risk undermining hopes for recovery in Asian, Latin American and East European nations that depend on exports to the vast U.S. market.

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market reforms in Russia will ring hollow if Washington itself is suc-

Coke Plans to Buy Cadbury Brands  
But Warns of Earnings Weakness

Copied by Our Staff From Dispatches

ATLANTA — Coca-Cola Co. said Friday that it was buying the rights to bottle Cadbury Schweppes PLC soft drinks outside the United States for about \$1.85 billion and that it also expected its fourth-quarter earnings to fall short of analysts' expectations.

The news sent the company's stock tumbling; the shares closed down \$3.0625 at \$63 on the New York Stock Exchange.

Coke will get the rights to Cadbury's beverage brands in more than 120 countries outside the United States, France and South Africa. In addition to Dr Pepper and Crush, the beverages include Schweppes and Canada Dry mixers and regional soft drink brands.

The move to pump up overseas sales comes as Coke warned that fourth-quarter earnings would fall as much as 20 percent below forecasts as sales slow in much of Asia, Latin America and Eastern Europe.

Coca-Cola said it expected to earn 24 cents to 25 cents per share for October through December. Analysts had expected earnings of about 30 cents a share.

M. Douglas Ivester, the chairman and chief executive of Coca-Cola, cited a pattern of volatility in many markets that has resolved from continued economic and political uncertainty.

But analysts praised the Cadbury deal, saying it would help Coca-Cola increase its share of the global soft-drink market.

"Coke is all about controlling liquid intake, and this is going to give them more for their arsenal," said Jennifer Solomon, an analyst at Salomon Smith Barney.

John Sunderland, chief executive of Cadbury Schweppes, said the London-based company did not have the distribution systems necessary to make a worldwide beverage operation succeed, and wanted to focus instead on increasing its share — up 15 percent — of the carbonated beverage market in the United States.

"Outside the United States, we only have a 3 percent market share," Mr. Sunderland said.

Cadbury trails Coca-Cola and PepsiCo Inc. in the United States. Coca-Cola is the world leader in soft drinks. Despite the international problems it disclosed Friday, Coca-Cola has vowed to stick to its strategy of investing heavily in slumping markets so it can recoup lost sales when those economies rebound.

Mr. Sunderland said Cadbury would use funds from the sale to expand its remaining businesses and for acquisitions. He said the deal would create "substantial value for our shareholders and simultaneously enhance our ability to develop and focus on our strong global confectionery and U.S. beverage business."

In London, Cadbury shares closed at £9.89 (\$16.53), up 67 pence.

Completion of the deal is subject to regulatory review in a number of countries, but is expected in the middle of 1999.

(AP, Bloomberg)

Egypt and Israel Weigh  
Natural-Gas Pipeline LinkBy William A. Orme Jr.  
New York Times Service

JERUSALEM — An Egyptian natural-gas pipeline is making its way east across the Sinai desert, laying the groundwork for a regional power network that could bind Israel closer to its Arab neighbors and radically change its energy and security strategy.

By directly fueling electric power plants, as its builders intend, the Sinai pipeline would end Israel's dependence on sources a continent or more away for vital energy imports. Israeli officials agree that the Egyptian connection would be the easiest and cheapest way to satisfy spiraling domestic power demands.

But before concluding a deal, the two countries must overcome intense mutual mistrust. Egypt has tried Israel by linking progress on gas sales to the Palestinian peace talks, and at the moment the pipeline is to stop 40 kilometers (25 miles) short of the Israeli border.

"These decisions should be made on purely economic grounds, and economically the Egyptian project is best," said Natan Sharansky, the Israeli minister of trade and industry. "But the Egyptians have wanted to make this a political issue, a way to apply political pressure."

"This is a natural start for a system that could extend throughout the region," said Enzo Viscusi, an ENI spokesman in Rome. "It has great implications."

The project represents a revival of the "peace pipeline" idea discussed by Egypt and Israel in the aftermath of the Oslo peace accords five years ago. The proposal foundered with the chilling of Israeli-Arab relations after the conservative government of Prime Minister Benjamin Netanyahu of Israel came to power in 1996 and put the old Labor government's assumptions on the peace process under review.

Egypt was unwilling to proceed with big cross-border business deals unless Israel continued withdrawing from Palestinian territories as required by the Oslo land-for-security plan. Israel was infuriated, saying its negotiations with Palestinians should have no bearing on gas contracts.

In recent months, a flurry of deal-making and ditch-digging resuscitated the pipeline, at a cost estimated by ENI at more than \$200 million, just as President Bill Clinton's Wye Plantation mediation effort led to the resumption of Israeli pullbacks from the West Bank.

Mr. Clinton is to arrive in Israel on Saturday night for further talks.

"The situation today is that the government of Israel wants to buy the gas, and we are waiting for a decision from Egypt to sell us the gas," said Yossef Maiman, president of Merhav Group, an Israeli energy contractor.

Six months ago, Petroleum Minister Hamdi Bahi of Egypt declared that commercial gas producers would be permitted to export to Israel, and expressed hope that political obstacles could be resolved.

The Israeli government says only



that policy stated more formally and emphatically.

In October, the ENI chairman, Guglielmo Moscato, signed a provisional agreement in Ramallah with Yasir Arafat, the Palestinian leader, to supply gas to the Gaza Strip.

As ENI acknowledges, however, a gas-supply arrangement with the Palestinian Authority cannot be concluded without the approval and technical cooperation of Israel, which controls the Egypt-Gaza border.

A power plant of the size ENI has discussed building for Gaza would use no more than a tenth of the pipeline's planned capacity. But in Israel, fast-rising power demands combined with environmental and budgetary considerations have fed expectations of big increases in natural gas imports.

At the same time, recent gas discoveries have tripled Egypt's proven reserves, and sales to Israel could eventually earn Egypt as much as \$300 million annually, it is estimated.

Israel needs to make decisions soon. Electricity consumption is rising fast, and its coal-fired power plants are casting a pall of particulates over coastal towns and beaches. Natural gas is cleaner than most alternatives, and, here in the Middle East, marginally cheaper.

these two chipmakers will be successful, he said. "They refuse to cooperate. Both sides could not agree how to evaluate their companies."

Failure of the two companies to come to terms would mark a major setback for the restructuring, under which the government for months has pressured the top five *chaebol*, or conglomerates, to agree on mergers of their weakest entities or let them go out of business.

The government had repeatedly cited the deal under which the semiconductor division of Hyundai Electronics would form a new company with LG Semicon as a model for the entire merger movement. The deal was included in an overall agreement between the government and the five biggest *chaebol* under which the conglomerates said they would jettison or consolidate more than half their subsidiaries.

"If they fail to keep promises," he said, "the government will do what we promised." Under the agreement with the *chaebol*, he said, creditor banks, on orders from the government, would "cut off new loans" for companies whose balance sheets showed that they were not likely to become profitable.

Despite periodic threats, he said, the government had not previously used its power to force banks to cut off loans.

The clash between Hyundai, the largest *chaebol*, and LG, the fourth largest, appears to be a typical struggle for supremacy among the South Korean

See CHAEBOL, Page 17

## Critical Merger Imperiled, Seoul Says

By Don Kirk  
International Herald Tribune

SEOUL — The first big deal at the heart of South Korea's program for restructuring its heavily indebted conglomerates is headed for collapse, a senior South Korean official said Friday.

The deal, which was put together this week under pressure from President Kim Dae Jung, would have created one of the largest semiconductor producers in the world.

The two companies involved, Hyundai Electronics Industries Co. and LG Semicon Co., remain at odds over terms for forming a separate semiconductor company, said Lee Han-jai, chairman of the Financial Supervisory Commission, the agency overseeing the economic restructuring.

"I would not expect the merger of

Hyundai and LG Semicon to reach an agreement by the Dec. 24 deadline and then failed to prove that they could produce semiconductors separately.

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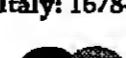
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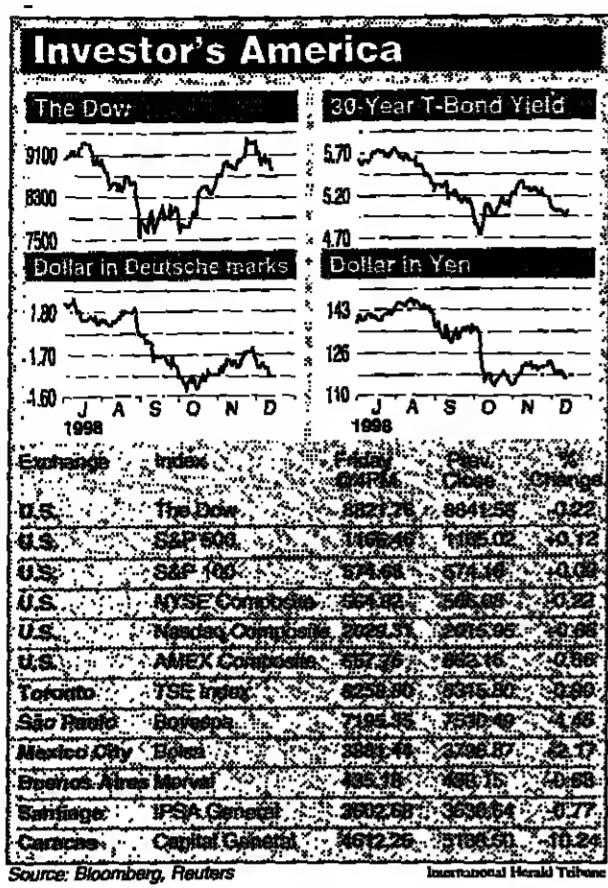


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## Other Dollar Values

Currency vs. U.S. dollar

## THE AMERICAS



## Dollar Hurt By Threat of Impeachment

Compiled by Our Staff From Dispatches

NEW YORK — The dollar fell against other major currencies Friday on concern that impeachment proceedings against President Bill Clinton will sour foreign investors on U.S. financial assets.

The House Judiciary Committee on Friday moved closer to what is seen as an all-but-certain approval of articles of impeachment against Mr. Clinton.

Dealers said the impeachment process is turning foreign investors

## FOREIGN EXCHANGE

sour on dollars and dollar-denominated assets, weakening demand for the currency at a time when many overseas investors are also leery about the U.S. stock market.

Prices of stocks and Treasury bonds fell Friday.

The impeachment process is a huge negative for the dollar, and with Dow plumping on expectations for poor fourth-quarter results, the demand for dollar is dwindling," said Hugh Walsh, senior dealer at Commerzbank in New York.

The dollar was quoted at 4 P.M. at 1,6495 Deutsche marks, down from 1,6514 DM on Thursday, at 5.2757 French francs, down from 5.5405 francs, and at 1.3285 Swiss francs, down from 1.3357 francs. It fell to 116.620 yen from 117.075 yen. The pound rose to \$1.6890 from \$1.6715.

Dealers shrugged off U.S. economic reports showing that U.S. retail sales climbed by a stronger-than-expected 0.6 percent in November, while producer prices fell by 0.2 percent, pulled lower by falling prices for energy, food and computers.

They said that while strong consumer spending continues to shield the U.S. economy from the effects of the global financial crisis, there's widespread sentiment in the market that U.S. growth will slow significantly in 1999.

Traders said moves in exchange rates were exaggerated because investors were unwilling to place large buy or sell orders in currency markets as they wind up their year-end books.

"A lot of the big players have withdrawn," said Christer Stefansson, a trader at Swedbank. "Banks are just executing orders for customers and big investors don't want to ruin" their performance figures for the year.

(Bridge News, Bloomberg)

## Very briefly:

- Boeing Co. will cancel a plan to move production of some 737 jetliners from Seattle to a former McDonnell Douglas Corp. factory in Long Beach, California, dashing hopes the world's biggest aerospace company would add jobs and work at its Southern California operations.
- Seagram Co., a liquor company that diversified into the entertainment business, raised its bond sale by 75 percent to \$3.5 billion after luring buyers with higher yields than similarly rated companies. Seagram, which owns Universal Studios Inc. and PolyGram NV, is paying higher interest rates because of worries it may be a flop in the entertainment business.
- Pequera Coloso SA slashed about a quarter of its work force and pulled boats out of service to cut costs as a scarcity of fish damages its key fishmeal business. So far this year, Chile's biggest commercial fishery has cut 800 of 3,000 employees, kept boats at port, and idled one plant in northern Chile that grinds anchovies into fishmeal. Costs have been reduced more than 13 percent this year.
- MCI WorldCom Inc. confirmed it would lay off about 2,000 workers as part of its first broad effort to slash billions of dollars in expenses. The cutbacks, which represent about 2.7 percent of the company's work force, will eliminate jobs that were duplicated in the September merger of WorldCom Inc. and MCI Communications Corp., primarily in network operations, information technology and engineering.
- Donaldson Lufkin & Jenrette promoted David Moore to be managing director of U.S. equities and named James Aney to a new position as managing director of U.S. institutional equity sales.
- Kitty Hawk Inc. will ground two airplanes as it considers ending all passenger flights to concentrate on its main business as the world's largest operator of air-cargo planes under contract to other companies.
- The Chicago Mercantile Exchange will add Japanese government bond futures and options trading on Jan. 21, helping U.S. companies with Japanese investments to offset possible swings in Japanese interest rates. (AP, Bloomberg, Reuters)

The Trib Index						
Prices as of 4:00 P.M. New York time						
Jan. 1, 1998 = 100	Level	Change	% change	year to date	% change	Source: Bloomberg, Reuters
World Index	194.28	-1.37	-0.70	+12.88		
Regional Indexes						
Asia/Pacific	91.63	-2.31	-2.46	-4.62		
Europe	222.82	-2.69	-1.19	+15.43		
N. America	274.17	+1.16	+0.42	+26.94		
S. America	83.28	-1.57	-1.85	-45.45		
Industrial Indexes						
Capital goods	293.28	+1.80	+0.64	+37.14		
Consumer goods	239.36	-1.40	-0.56	+14.13		
Energy	197.92	-1.55	-0.78	+1.52		
Finance	133.41	-1.98	-1.46	+8.50		
Miscellaneous	180.47	-3.01	-1.64	+20.41		
Raw Materials	157.61	-2.26	-1.41	-5.76		
Service	205.68	-2.16	-1.04	+17.99		
Utilities	179.88	-1.28	-0.71	+7.68		

The International Herald Tribune World Stock Index tracks the U.S. dollar value of 250 internationally investable stocks from 25 countries.

Compiled by Bloomberg News.

## U. S. STOCK MARKET DIARY

Indexes							Most Actives								
Dow Jones	NYSE	Nasdaq	AMEX	High	Low	Prev.	High	Low	Prev.	High	Low	Prev.	High	Low	Prev.
Dow Jones	194.28	-1.37	-0.70	+12.88											
Standard & Poor's	1,649.50	-1.37	-0.70	+12.88											
Nasdaq Composite	2,741.70	-1.16	+0.42	+26.94											
AMEX Composite	205.68	-2.16	-1.04	+17.99											
Small Stocks	179.88	-1.28	-0.71	+7.68											
Large Stocks	274.17	-1.16	+0.42	+26.94											
Mid-Size Stocks	222.82	-2.69	-1.19	+15.43											
Small Stocks	91.63	-2.31	-2.46	-4.62											
Large Stocks	222.82	-2.69	-1.19	+15.43											
Mid-Size Stocks	197.92	-1.55	-0.78	+1.52											
Small Stocks	133.41	-1.98	-1.46	+8.50											
Large Stocks	180.47	-3.01	-1.64	+20.41											
Mid-Size Stocks	157.61	-2.26	-1.41	-5.76											
Small Stocks	205.68	-2.16	-1.04	+17.99											
Large Stocks	274.17	-1.16	+0.42	+26.94											
Mid-Size Stocks	179.88	-1.28	-0.71	+7.68											
Small Stocks	91.63	-2.31	-2.46	-4.62											
Large Stocks	222.82	-2.69	-1.19	+15.43											
Mid-Size Stocks	197.92	-1.55	-0.78	+1.52											
Small Stocks	133.41	-1.98	-1.46	+8.50											
Large Stocks	180.47	-3.01	-1.64	+20.41											
Mid-Size Stocks	157.61	-2.26	-1.41	-5.76											
Small Stocks	205.68	-2.16	-1.04	+17.99											
Large Stocks	274.17	-1.16	+0.42	+26.94											
Mid-Size Stocks	179.88	-1.28	-0.71	+7.68											
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Large Stocks	180.47	-3.01	-1.64	+20.41											
Mid-Size Stocks	157.61	-2.26	-1.41	-5.76											
Small Stocks	205.68	-2.16	-1.04												

## EUROPE

# Cable & Wireless Loses Chief Executive to EDS

Compiled by Our Staff From Dispatches

• LONDON — Richard Brown, who carved out a reputation as a visionary and a swift decision-maker as chief executive of Cable & Wireless PLC, has left the No. 2 British phone company to head Electronic Data Systems Corp.

Mr. Brown, 51, will take over at EDS, a U.S. computer services giant, on Jan. 15, after 29 months at the helm of C&W. The unexpected move hit C&W's shares, sending them down 30 pence to 695 (\$11.56) on the London Stock Exchange. EDS shares rose \$1.875 in late trading in New York to \$42.625.

"He was the single architect of the group's transformation from an unloved and disparate telecoms holding company into a much more focused and shareholder-friendly group," said Justinian Clifford Bowles, an analyst at Credit Lyonnais Securities. "It is undoubtedly a very big blow for Cable & Wireless."

Brown created a perception at C&W of swift and aggressive deal-making," said Chris Goodwin, an analyst at Henderson Consigliere International.

Mr. Brown's mandate at EDS will be to foster a similar transformation at EDS as the company tries to restore investor confidence and compete with more nimble rivals like

Computer Sciences Corp.

When Mr. Brown came to C&W, he inherited a company still reeling from the acrimonious relationship between its previous chairman and chief executive, both of whom had resigned a year earlier.

Boardroom battles between the two resulted in a series of policy U-turns and failed strategies, including abortive merger talks with British Telecommunications PLC.

Mr. Brown masterminded 21 deals at C&W valued at more than \$20 billion, selling off over \$1 billion of assets in which the group lacked sufficient managerial influence.

At the same time, he refocused C&W into a telecommunications giant for the next century spanning Europe, the United States and the Caribbean, Australia and Asia. Some deals, such as a complex merger of C&W's British fixed-line operator, Mercury, with three U.S. cable television groups to form cable market leader

Cable &amp; Wireless Communications, had been dismissed as impossible.

Others — such as his sale to China of a 5.5 percent stake in C&W's prized Hong Kong Telecommunications asset, the main engine of group growth, in return for "unique opportunities" on the mainland — are yet to be fully realized.

But amid criticism that details of deals on the Chinese mainland remain nebulous, Mr. Brown urges patience and dismisses suggestions he is leaving a job half done.

Mr. Brown's impressive track record helped convince EDS's search committee that he was the right person to restore investor confidence.

EDS, founded by Texas billionaire Ross Perot and once known for its steady earnings growth, has struggled since being spun off from General Motors Corp. in 1996 as it faced competition from International Business Machines Corp. and others. (Bloomberg, Reuters)

## Rate Cuts Approved For Telekom

Reuters

FRANKFURT — The German telecommunications watchdog on Friday approved a plan by Deutsche Telekom AG to cut phone charges by up to 63 percent, as the price war in Germany's newly liberalized telecommunications market escalates.

Shortly after the approval was announced, Otelco, a private sector competitor to the state-controlled Telekom, said it would cut phone charges by up to 61 percent on Feb. 1.

The cuts come amid aggressive competition that has reduced Telekom's share of the lucrative market for long-distance calls to 74 percent since it lost its monopoly at the start of 1998.

The authority said it could find no evident breach of market regulations in Telekom's new fee structure, despite criticism from some consumers that it was offering bigger cuts for customers with digital lines than for those with analogue lines.

"We took our decision with the interests of consumers in mind," said Klaus-Dieter Schurz, president of the Regulatory Authority for Telecommunications and Post.

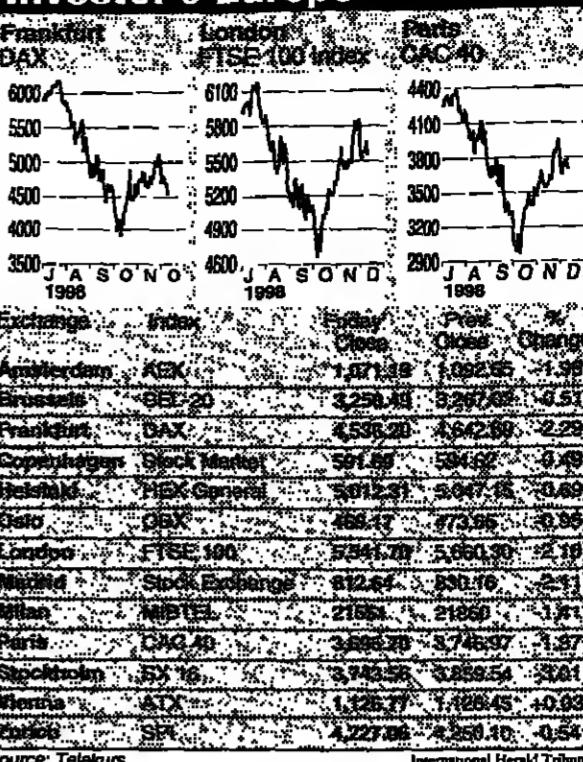
Prices are now coming down faster than most phone companies had expected. The cuts are good news for customers, but the resulting revenue losses will put earnings under pressure.

Ron Sommer, chief executive of Telekom, said last month that the cut would be "painful" and could be offset only by "dramatic cost savings."

Otelco was the second private phone company to announce rate cuts this week. Mannesmann AG's Arcor unit said Tuesday that it would cut prices by up to 54 percent in January.

Otelco, owned by the utilities RWE and Veba AG, said long-distance rates would fall to 20 pfennigs per minute from 44 pfennigs, with a special weekend rate of 9.5 pfennigs per minute.

## Investor's Europe



Source: Telekurs

International Herald Tribune

## Very briefly:

• Rover Group employees agreed overwhelmingly to a cost-cutting plan that includes 2,500 job cuts to save the British automaker, owned by Bayerische Motoren Werke AG. The deal will keep Rover's main factory in Longbridge, England, open and will introduce flexible working hours.

• Hungary's annual inflation rate unexpectedly fell to 11.2 percent in November, the lowest rate since December 1987, from 12.3 percent the previous month. The data prompted the central bank to lower interest rates for the third time in a month to bolster economic growth.

• Aga AB, a Swedish industrial-gas producer, plans to make a provision of 725 million kronor (\$90 million) against 1998 earnings to reduce its work force by 1,700 employees, or 15 percent, intensifying efforts to reduce costs.

• Olivetti SpA of Italy and Manoessmann AG of Germany plan to raise to almost one-half their stake in Omnitel Protot Italia SpA, Europe's third-largest mobile phone network, which they already control, for \$1.5 billion in cash.

• Aérospatiale, France's biggest defense and aerospace company, said it was among several European companies in talks with the Spanish government to buy a stake in Construcciones Aeronáuticas SA as the European defense industry consolidates.

• British Petroleum Co. secured European Unioant antitrust approval for its planned \$61.2 billion purchase of Amoco Corp., after agreeing to shed an Amoco unit that distributes fuel additives, an EU official said.

• Wolters Kluwer NV, Europe's biggest tax and legal publisher by revenue, plans to split its stock 4-for-1 next year, restating share value in euros to conform with Europe's new single currency. The company's American depositary receipts will also be split 4-for-1. (AP, Bloomberg)

## Moscow Region Wants Its Debt Restructured

Bloomberg News

MOSCOW — The Moscow region said Friday that it was seeking to restructure 1.2 billion rubles (\$39.8 million) of bonds after it defaulted on a payment due Thursday because its tax revenue is dwindling as the Russian economy shrinks.

About 90 percent of the bonds sold by the Moscow region, which does not include the city of Moscow, are held by foreign investors and were sold in a private placement managed by Credit Suisse First Boston and Unicombank, said Oleg Dzus, director of the Moscow region bond department. Credit Suisse First Boston confirmed that it had placed the bonds.

"Tax collection has fallen," Mr. Dzus said. "The deepening economic crisis has left many regions scrambling for cash. At least half of the regions' tax revenue comes from non-cash payments such as barter energy, or offsets for debts owed by state-funded organizations."

## Swiss Reach Trade Deal With EU

Bloomberg Business News

BERN — Switzerland and the European Union have agreed on a pact that would break down barriers to trade that was valued at 150.7 billion Swiss francs (\$113.3 billion) last year. The accord, which needs approval by the Swiss Parliament and could be challenged in a referendum, would give Swiss companies greater access to the EU and open Swiss roads to heavy truck traffic from the EU, the Swiss government said.

The government said after the vote late Thursday that the accord would "give our relationship with the European Union greater stability" and help "raise the competitiveness of Swiss business."

The two sides have haggled over the agreement since the Swiss in 1992 rejected membership in the European Economic Area, a free-trade bloc linked with the EU. The Swiss this week agreed to lower tariffs on agricultural imports in return for greater access for Swiss airlines to airports in the EU.

Swissair, the airline owned by SAR Group, has said it has lost about 200 million Swiss francs annually because of its exclusion from the liberalized 15-nation market.

The EU is Switzerland's biggest trading partner, with imports and exports amounting to 150.7 billion francs last year. The government

said last month that the 15 EU member states bought 63 percent of Swiss exports in the year through October, and that 79 percent of Swiss imports originated in the EU.

"It's easier now to employ Europeans, such as engineers, in Switzerland, and that's positive for our company," said a spokesman for Schindler Holding AG. Under the pact, all EU workers will be able to settle in Switzerland five years after the accord takes effect.

The Swiss also gave in to French objections over the name of a white Swiss wine named after a village called Champagne. The Swiss said they would drop the name after a two-year transitional period.

## EU Allows BA Role in Running Eurostar

Reuters

BRUSSELS — The European Commission on Friday allowed British Airways to participate in the running of Eurostar, but issued a stern warning against it taking control of the high-speed Channel Tunnel train service.

The commission, the European Union's competition watchdog, said it had given clearance to the ICRR

venture, whose partners also include British Rail and bus operator National Express Group, and the French and Belgian railroads SNCF and SNCB.

But it said this was only possible since BA's influence in the venture was "significantly limited" compared with other shareholders.

## WORLD STOCK MARKETS

Friday, Dec. 11

Daily prices in local currencies

Yield

Amsterdam

DAX 4,524.52

Previous: 4,424.57

High

Low

Close

Prev.

Jakarta

Composite Index 4,024.46

Previous: 4,047.46

High

Low

Close

Prev.

Johannesburg

All Shares 3,111.29

Previous: 3,121.29

High

Low

Close

Prev.

Montreal

Industrial Index 2,384.16

Previous: 2,405.16

High

Low

Close

Prev.

Shenzhen

Composite Index 555.71

Previous: 555.71

High

Low

Close

Prev.

Ottawa

DBX 4,478.17

Previous: 4,458.17

High

Low

Close

Prev.

Stockholm

SX 14 7,254.55

Previous: 7,254.55

High

Low

Close

Prev.

Tokyo

TSE 4,222.95

Previous: 4,220.10

High

Low

Close

Prev.

Toronto

TSE 4,244.25

Previous: 4,235.65

High

Low

Close

Prev.

Vienna

ATX 112.47

Previous: 112.35

High

Low

Close

Wellington

NZX 1,400.21

Previous: 1,398.21

High

Low

Close

Prev.

Zurich

SIX 4,244.25

Previous: 4,244.25

High

Low

Close

Prev.

#### **Friday's 4 P.M. Close**

The 2,400 most traded stocks of the day—  
onwide prices not reflecting late trades elsewhere  
The Associated Press.

*The Associated Press.*

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**Continued on Page 18**

٥٥٦ من الأوصاف

# WANTING FOR TEMPORARY RESIDENCE VIENNA?

## ASIA/PACIFIC

## Japan Eyes Takeover of Nippon Credit

By Sheryl WuDunn  
New York Times Service

TOKYO — The Japanese government appears to be on the verge of nationalizing a second large bank, Nippon Credit Bank, in a move that might foreshadow a wider cleaning of the banking system and a tougher stance by financial authorities.

Japan's government is under pressure at home and abroad to be more assertive in confronting its economic troubles, and an initiative to take over Nippon Credit, which has about \$100 billion in assets, would presumably be welcomed by the financial community as a sign that the authorities are becoming more decisive in trying to resolve their banking problems.

Nippon Credit would be the second bank to be taken over by the government, after authorities in October nationalized the Long-Term Credit Bank, which is about twice the size of Nippon Credit.

A final decision on the expected Nippon Credit takeover, which was reported Friday in the local media and confirmed by a senior government official who refused to be identified, could come over the weekend.

Nippon Credit has resisted the move, but the government can effectively force it to accept nationalization. After selling off or liquidating its bad loans, which could take a year or two, Nippon Credit could be privatized or its viable operations sold to a healthier bank.

Nippon Credit's financial troubles have been well publicized for more than

a year, and some estimates are that the bad debts are so overwhelmingly large that if accounted for properly they would put the bank into insolvency, according to Nihon Keizai Shinbun, Japan's leading economic daily.

Just over a year ago, the bank was rescued with an injection of 290 billion yen (\$2.48 billion) from the Bank of Japan and a collection of Japanese financial institutions. Then in March this year, the bank received about \$510 million in taxpayers' funds, on the premise that it was still solvent.

With such large amounts of public money being eaten away, some financial officials may push for stiffer standards at the banks in building a financial cushion to absorb possible loan losses. Many financial experts have argued that the amount of public funds drawn down in March was far too little to alleviate the banks' capital adequacy problems, and this may strengthen the hand of officials who want the banks to raise their intake of public funds under the new \$510 billion balloon scheme set up in October.

Still, Nippon Credit has apparently been hotly contesting the move by financial authorities who want to nationalize it, but it appears as though the bank may lose the battle.

The Financial Supervisory Agency, which inspects the banks, has been insisting that the government should take action based on the agency's findings. In the case of Long-Term Credit, for instance, government officials at first resisted an attempt within the agency to declare that Long-Term Credit was a

failed bank and insolvent, but in the end, the agency officials prevailed.

In its recent audit of Nippon Credit, the agency apparently discovered that the bank does not have a large enough cushion to absorb the possible loan losses on its books and that it has exaggerated the value of real estate taken as collateral for the loans, according to Kyodo News Service. The government official said that the agency's definition of bad loans was much stricter than that of the bank.

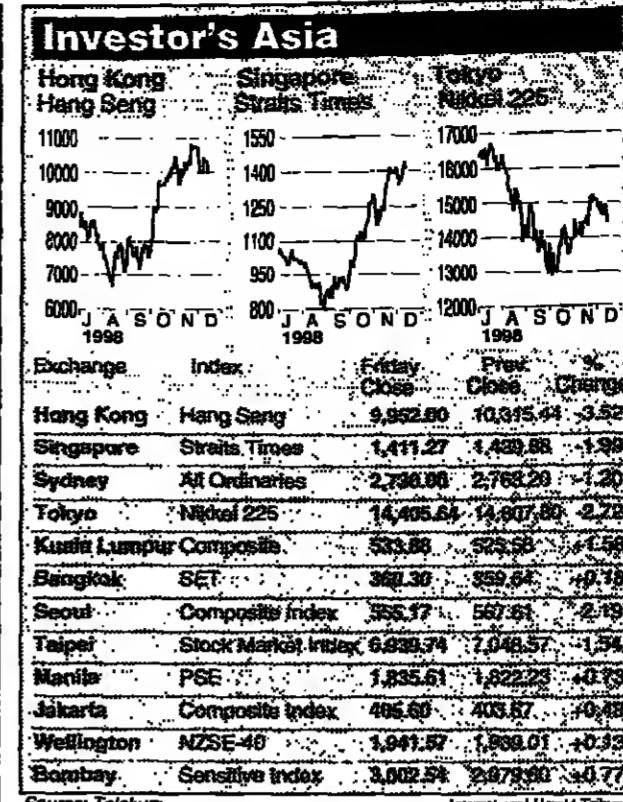
In its half-year earnings report for the end of September, Nippon Credit said that bad loans amounted to \$15 billion, but other estimates put the figure at nearly twice that amount, or \$27 billion, according to Japanese press reports.

Nippon Credit, which has pulled out of international business, said it easily met government rules for capital adequacy for domestic banks. It has also said that by March 31, 1999, which is the end of this financial year, it will write off bad loans worth \$6.3 billion, which is about equivalent to the amount of its capital base.

Nippon Credit announced this week that it was entering into a broad-based alliance with Chuo Trust & Banking Co., a deal that originally provoked rumors that the two institutions were considering a merger. But Chuo Trust, which took over some of the branches of the failed Hokkaido Takushoku Bank, which collapsed just over a year ago, denied that it was considering a merger, and so authorities apparently turned to nationalization as an alternative solution.



ECONOMIC UNREST — The police dragging away a member of a trade union group during demonstrations in New Delhi on Friday, as millions throughout India protested government plans to privatize state firms and lay off employees.



Source: Telkaars International Herald Tribune

## Very briefly:

• The Japanese Parliament approved a special budget to help pay for a 24 trillion yen (\$205 billion) stimulus package aimed at pulling the economy out of recession. Parliament also shelved a law requiring the government to reduce the budget deficit to no more than 3 percent of the gross domestic product by March 2006.

• Hyundai Motor Co. said it would make bankrupt Kia Motors Corp. profitable within three years with an aggressive export plan. Kia will make 800,000 vehicles next year, including more than 500,000 for export, said Chung Mong Koo, the Hyundai Motor chairman. Hyundai acquired 51 percent of Kia and its Asia Motor Co. affiliate this month.

• Citigroup Inc. is in talks to buy up to 51 percent of a 50-story office tower in central Kuala Lumpur from Malaysia's Amsteel Corp. Amsteel owns 70 percent of Inverin Sdn. which owns the Menara Lion office tower.

• Australia's media regulator plans to examine the Brierley Investment Ltd.'s sale of its stake in John Fairfax Holdings Ltd., amid concern it could give Kerry Packer, the nation's richest man, control of the newspaper publisher. Australia does not let a single person control a major television station and newspaper in the same city.

• Long-Term Credit Bank of Japan Ltd. may shed about 1,000 workers, or 30 percent of its staff, according to a restructuring proposal. LTCB was declared insolvent and taken over by the government in October.

• Mitsui O.S.K. Lines Ltd., the world's biggest shipper by tonnage, plans to set up a Hong Kong-based company to operate its unprofitable scheduled container unit in a move to boost its parent earnings. MOL Japan will be established on April 1, said Hiroshi Asano, a spokesman for Mitsui O.S.K.

• Seagate Technology Inc., the world's largest disk drive maker, said seasonal demand is causing product shortages in almost two-fifths of its product lines. To meet the increase in orders, the Californian company is boosting production in its factories in Asia.

Bloomberg

## Mahathir Seeks Views of Fund Managers

By Thomas Fuller  
International Herald Tribune

KUALA LUMPUR — Prime Minister Mahathir bin Mohamad met Friday with a group of foreign fund managers — the people he has criticized for helping trigger Southeast Asia's economic turmoil — in a move that analysts said was intended to smooth relations with the international financial community.

An aide to Mr. Mahathir said the prime minister listened to the fund managers' views on Malaysia's currency controls and other issues during the hour-long meeting but made no comment on whether the government was planning to change its controversial policies anytime soon.

"It's an exercise of sending some messages," said Mohamed Ariff, executive director of the Malaysian Institute of Economic Research. "I think it's quite obvious that Malaysia has suffered from bad PR in recent times.

Mr. Mahathir and his aides have met several times with fund managers since economic turmoil spread throughout the region last year but this is the first such meeting since Malaysia imposed controls on its currency in September. As part of the controls, foreign investors were

banned from withdrawing their money from the stock market for one year.

The rule, which angered many foreign portfolio investors who had money in the market, was central to the hot-long discussions, according to news agencies.

The aide to Mr. Mahathir said the idea of an "exit tax" for foreign stock market investors that would replace the one-year ruling came up during the talks, but that Mr. Mahathir made no specific comment on the government's plans.

"The government hasn't decided anything yet," the aide said. "We will look into all the suggestions."

The Malaysian stock market seemed to react favorably to the meeting, with the main index closing up 1.6 percent at 533.88 points.

The gathering was organized by Salomon Smith Barney, the U.S. investment bank that took on the role of official adviser to the Malaysian government this year. A total of 13 fund managers from Hong Kong and Singapore attended.

## Cambodia Not Seen Getting ASEAN Entry

Compiled by Our Staff From Dispatches

HANOI — The Association of South East Asian Nations will not admit Cambodia during a leaders' summit in Vietnam next week because there is no consensus on the issue, a Thai official said Friday.

The timing is not opportune, and we should not be rushed to meet an artificial deadline because the summit is taking place," said Kobksit Chutikul, a Thai Foreign Ministry spokesman.

Cambodia had been scheduled to join the regional organization in 1997, but political turmoil led to its application being put on hold until a stable government was in place. An agreement between two major factions was reached late last month, and the country was given back its seat at the United Nations this week. But some ASEAN members said it was too soon to admit the long-troubled country.

"This summit is about the economic crisis in Asia, not Cambodia," said Domingo Siazon, the Philippine foreign secretary.

Separately, ASEAN finance officials meeting in Hanoi Friday ahead of the summit said they were discussing the prospect of having Japan channel promised aid funds to the countries as a group, instead of doling it out to individual members.

Japan plans to unveil a \$30 billion package of economic aid for its Asian neighbors next week. It is aiming to provide funds for four ASEAN members — Indonesia, Malaysia, the Philippines and Thailand — as well as South Korea, whose president, Kim Dae Jung, will also attend the summit.

"We want to try to avoid the Japanese dealing with us individually," an Indonesian official said. "If we deal with them as a group, we'll have more bargaining power."

In addition to Indonesia, Malaysia, the Philippines and Thailand, ASEAN also includes Burma, Laos, Singapore, Brunei and Vietnam.

(AP, Reuters)

## CHAEBOLE: Critical Merger Threatens to Unravel, Seoul Says

Continued from Page 13

tronics plants walked off their industrial giants. Hyundai Electronics, suffering from a debt-to-equity ratio of 8-to-1, has insisted on control of 70 percent of the assets of the new company, rejecting a proposal for 50 percent ownership. LG Semicon, which has a much smaller debt burden, has said it wants to manage the merged company.

The confrontation between Hyundai Electronics and LG Semicon has emerged as a test of the willingness of the chaebol to bury their differences in mergers and of the ability of the government to force them.

Efforts to bring about another, more complicated deal, the exchange of Daewoo Electronics Co., which produces consumer items such as television sets and refrigerators, for Samsung Motor Co., also encountered major problems Friday. The parents of the two companies, the Samsung and Daewoo groups, rank second and third, respectively, among the chaebol in terms of assets.

About 10,000 workers at the two main Daewoo Elec-

tronics plants walked off their employer to protest the commitment to sell the company to Samsung Electronics Co., one of the most successful companies in South Korea.

Asked whether Samsung would resume making cars, he replied: "At this moment, we don't know."

Mr. Lee of the Financial Supervisory Commission predicted, however, that the economy would recover from the turmoil after going through a protracted restructuring.

"Once we succeed in structural reform," he said, "the stock market recovers, they raise money through the stock market."

He acknowledged that 100,000 more workers might lose their jobs, raising unemployment from the current level of about 1.5 million, but he said that many would find new work as the economy improved.

The foreign investment limit is now 33 percent.

Officials at Daewoo did not seem disturbed by the demonstrations, citing the company's profits in recent years and predicting a similar profit for this year despite sagging demand for consumer products.

"They don't want to merge the company," said Lee Jung Seung, a Daewoo spokesman. Still, he said, "The principle is to merge, and we will have to abide by the agreement."

The 6,000 workers of Samsung Motors walked off the job at the company's plant Tuesday, the day after the restructuring agreement between the government and the chaebol was announced.

A spokesman for the company, which has suffered tremendous losses since producing its first cars in March,

one key, he said, would be foreign investment. Many companies "are desperately trying to sell but haven't had success," he said. "We can expect lots of transactions in the near future."

South Korean politicians indicated Friday, however, that they would oppose efforts at opening up the country's \$12 billion telecommunications market, saying that the heightened competition from abroad would push domestic companies into bankruptcy.

A National Assembly subcommittee voted to recommend that the government delay its plan to allow foreign investors to buy as much as 49 percent of South Korean companies starting Jan. 1.

The foreign investment limit is now 33 percent.

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**NASDAQ**

**Friday's 4 P.M.**  
The 1,000 most traded National Market securities  
in terms of dollar value, updated twice a year.  
The Associated Press.

NYSE

**Friday's 4 P.M. Close**  
(Continued)

## INTERNATIONAL INVESTING

## 6-TRACK RECS

# BANK AUSTRIA BUSINESS UPDATE

Bank Austria

## DRIVE TO INNOVATE KEEPS THE BANK AHEAD OF THE GAME

*Bank Austria is a leader in next-generation services.*

**B**ank Austria is the largest bank in Austria and in its fast-growing "second core" markets in Central and Eastern Europe. This predominance is backed up by a wide range of number-one rankings in many individual sectors. The bank is, for instance, Central Europe's largest supplier of investment and brokerage services.

As the subsidiaries come with a very healthy balance sheet, the bank's size and market share are gratifying, say Bank Austria officials. But they point out that achieving and maintaining a market-leading size in and of itself has not been and is not a prime objective of the bank.

Rather, the bank's goal has always been to maximize profitability while exercising all due prudence. That has been achieved by keeping ahead of its fast-moving markets and having the next generation of services ready for deployment when customers started asking for them. Ten years ago, this meant having a network of privatization and capital procurement experts in place just before Central and Eastern Europe started moving toward the free market. Five years ago, Central European started investing heavily in shares — often via the mutual funds Bank Austria had already set up.

**The future is now**  
Today, along with the euro, the next great trend about to sweep the Continent is second-generation on-line banking. Bank Austria's customers are already availing themselves of its new-look Web site and the advanced services and features it provides.

Internet banking is still in the take-off stage among Europe's "sohos" (small office and home users) and the rest of the retailing sector.

"Of our 800,000 retail customers, some 50,000 — half of them sohos — now bank on-line, a number that should quintuple over the next five years," says Walter Gruber, Bank Austria's general manager, engineering multi-channel banking and new media.

The fact that on-line banking is still in its early stages on the Continent hasn't, however, stopped us from setting up a Web site meeting the needs of second-generation users, the ones using on-line links every day and now starting to expect something more from the

links than simple electronic bank transfers or stock purchases," says Mr. Gruber.

And something more is precisely what they get from Bank Austria's Web site, whose latest version was launched in October and is already receiving 320,000 hits a month.

The Web site is "customerizable," meaning that customers can individualize their own "virtual bank offices."

The customers determine what information is supplied to them in their virtual office and even what the office looks like. The offices are staffed by "cyber-advisors," who, if the customer wishes, "pushes" suggestions and proposals tailored to his or her needs.

"Virtual bank office" is the apt term for these new-generation links," says Mr. Gruber. This is the product of a joint project with the companies Broad Vision, Blaxxun Interactive, the Munich-Silicon Valley expert on creating virtual communities, and Siemens.

Blaxxun's programs also provide the Web site with another feature new to Europe's banking world: 3-D, on-line, customer-to-customer interactivity.

Our Web site serves as the venue for real-time meetings between our customers, whose on-line encounters lead to the forging of business ties and the forming of interest groups." This occurs via three on-line COIs (communities of interest), at which participants learn about specially created product innovations.

The Web site's features and flashy graphics have already attracted a great deal of professional attention and have earned it high praise.

In a recent survey of European bank Web sites and on-line links, the Lafferty Group singled out Bank Austria's site as the top Austrian banking Web site, praising its customer-friendliness, clarity of structures and other items. Michael Henning, chief electronic commerce analyst with Lafferty Web Research, stated that it "has the potential to be a significant European bank site."

**The Internet: Its real impact is in the back office**  
According to the conventional wisdom, the Internet is providing small banks with a competitive advantage. The Web allows them to reach a clientele of the size served by their large-sized counterparts, and to do so without having to maintain the latter's expensive networks of offices.

Mr. Gruber takes exception to this description. "Any bank can provide on-line accounts, but our clients expect more. They expect to be able to hit 'help' buttons — featured throughout our new Web site — and to get immediate, professional counsel on everything from the amount of financing required to start up your own business to the current rates of factoring. And only a bank capable of maintaining a large staff of resident experts can deliver this depth and breadth of on-line services."

He adds: "This provision of on-line counseling highlights another, often disregarded feature of the banking world's move into on-line systems. Everybody is writing about how the Net is changing banking's 'front counters,' but the effects worked by the Web on a bank's in-house procedures haven't really been covered at all." The design of Bank Austria's Web site, which involved a large-scale expenditure, went hand-in-hand with a reworking of the bank's information provision networks, "which involves both the IT and human infrastructure," explains Mr. Gruber. ■

### INTERNATIONAL INVESTING

Headquartered in Vienna, CA IB Investmentbank Aktiengesellschaft maintains 13 offices in Central and Eastern Europe. With a staff of approximately 700 professionals, CA IB provides a broad range of services, including everything from managing mergers and acquisitions and mass privatization funds, to handling capital markets transactions and asset management.

CA IB's activities are by no means confined to Central Europe, however, to the Continent. Quite the opposite. The investment bank's offices in London and New York can put a full range of trading and capital market activities. Furthermore, CA IB is the leading sponsor and market maker on EASDAQ, the pan-European stock exchange. This home to high-growth companies was established in 1996.

To date, CA IB's capital markets arm has participated in 41 issuing syndicates in 1998. Of them, nine were in the CEE and 22 in Western Europe, with Austria accounting for a further six. Over the last few months, CA IB has been expanding its area of operations southward and eastward into the Greek and Turkish markets.

#### Privatisations

During the post-revolutionary era, CA IB has facilitated 27 privatization transactions in the CEE, 170 percent more than the number two in the field. Over the last three years, the bank has acted as a syndicate member in more than 40 West European privatizations. As one might expect, CA IB is very strong on its home market, having been represented in the lead group of all the country's major privatizations.



*Bank Austria is the largest bank in Austria and has an international network of offices in more than 30 countries worldwide. In addition to providing a full range of financial and investment services, Bank Austria is on the cutting-edge of the electronic banking revolution. Below: The bank's customer center in Vienna.*

## INDIVIDUALS GET THEIR FAIR SHARE

*Shares drive Capital Invest's success.*

**C**apital Invest (CI) is one of the fastest-growing companies within the Bank Austria group. As of Oct. 30, the 166 mutual funds managed by CI had a total volume of 139.4 billion Austrian schillings (\$11.8 billion), up 21 percent over Jan. 1, 1998.

As CI's share-based mutual funds showed an impressive 53 percent rate of growth during the period, it would be logical to assume that the company's growth is largely the result of the Austrian investing public's strong — if belated — enthusiasm for investing in the stock market.

Helmut Sobotka, chairman of CI's executive board, doesn't like the word belated.

"That public is composed of two parts, the corporate sector and the private investors. And the corporate sector, which accounts for 50 percent of our business, has long been investing avidly in the stock market, often via dedicated funds that we create and manage for them.

"Like private investors in the rest of Europe, Austrian investors are, in fact, rapidly discovering the attractiveness of share ownership. This interest has largely been the product of the new types of funds being offered," Mr. Sobotka adds.

Many of the new funds are pan-European in scope.

"To put it very simply, the new funds and the advent



*Helmut Sobotka, chairman of Capital Invest's executive board.*

of the euro have activated private Austrians' interest in investing on a Europe-wide scale via instruments with a Continental spread and/or denominated in euros or dollars or other international currencies. This newly awakened interest explains the overwhelming success of our EuropaTop mutual fund," Mr. Sobotka says.

Launched at the end of March 1998, EuropaTop is CI's 50th public mutual fund and, with its pan-European focus, the first of its kind in Europe. It has a weighting corresponding to that of the Stoxx 50, the listing of Europe's 50 major blue chips.

#### High potential

Mr. Sobotka sees another factor driving CI's rapid rise: the company's "two and one" strategy.

The "two" refers to the fact that Capital Invest was formed through the merger of Bank Austria KAG and OIG (Österreichische Investmentgesellschaft) on June 24, 1998, creating one of Austria's three largest funds management corporations in the process.

Owned by Bank Austria and Creditanstalt respectively, the two mutual fund companies had been arch-rivals, competing for market shares via their nationwide networks of offices and representatives and highly individual ranges of products. The networks have been maintained, as have the range of products.

"We believe we'll get more business by keeping our corporate images and pools of customers separate than from combining them," says Mr. Sobotka. "While maintaining the individual identities of Bank Austria KAG and OIG to the outside world, we have, of course, been busy realizing a great number of in-house synergies, interlinking our IT, research and other capabilities. This unification is the 'one.'"

Mr. Sobotka has big plans for Capital Investment: a tripling of its investment volume within five years. Isn't that a bit ambitious in times of a mixed stock market performance and relatively low rates of income growth (both personal and corporate)?

Mr. Sobotka doesn't see it that way. "Our potential for further institutional investment — I'm thinking of corporate and private pension funds in particular — in Austria and the rest of Central Europe is still very large. The rapid growth of Hungary, Slovenia and other neighboring and nearby CEE countries has produced a new generation of private investors. It's our job and objective to reach them." ■

## STRONG TRACK RECORD IN FINANCING EASTERN EUROPE

*Award-winning CA IB investment bank weathered the storm in Central and Eastern Europe and increases market share.*

**T**his year was — despite difficulties on Eastern European markets — a year full of opportunities for CA IB Investmentbank Aktiengesellschaft, the investment banking arm of the Bank Austria Group. Although the economic crisis in Russia has — to varying extents — been affecting the countries of Central and Eastern Europe, CA IB successfully and fully exploited the

opportunities arising in the region. The Vienna-based bank, which has a network covering the entire CEE region, retained its position as one of the leading and most respected investment banks in Central and Eastern Europe — and gained further shares in its market.

#### Top rankings

CA IB held on to first place in the rankings in the CEE's

privatization advisory (in both number and total amount of transactions), equity offering (number) and other sectors.

The investment bank also received three major awards. One of them was Euromoney's "Best Securities House in Central and Eastern Europe," for the third time running. All told, the bank has received 30 commendations and awards over the last seven years.

**Good prospects**

Although CA IB has not escaped unscathed from the crisis in its main market, Vienna-based bank, the investment bank's CEO, Willi Hennetsberger, is optimistic about the CEE region's prospects in 1999.

"This is by no means our first Russian crisis. In fact, virtually all of the CEE's countries have experienced a crisis at some time or the other over the past 10 years, including such current stars as Poland and Hungary, only to rebound a year or two later.

And the challenge has always been to perceive and exploit the individual opportunities presented themselves during the region's down and ups."

#### Bank Austria Group Performance in 1998

**Total Assets:**  
1.7 trillion Austrian schillings, (\$144.9 billion)  
(+7.2% over previous year)

**Operating Results:**  
8.7 billion Austrian schillings (\$738.6 million)  
(-16.8% over previous year)

**Capital Adequacy Ratios:**  
Entire capital: 10.27%  
Core capital: 5.86%

Figures as of Sept. 30, 1998  
Source: Bank Austria

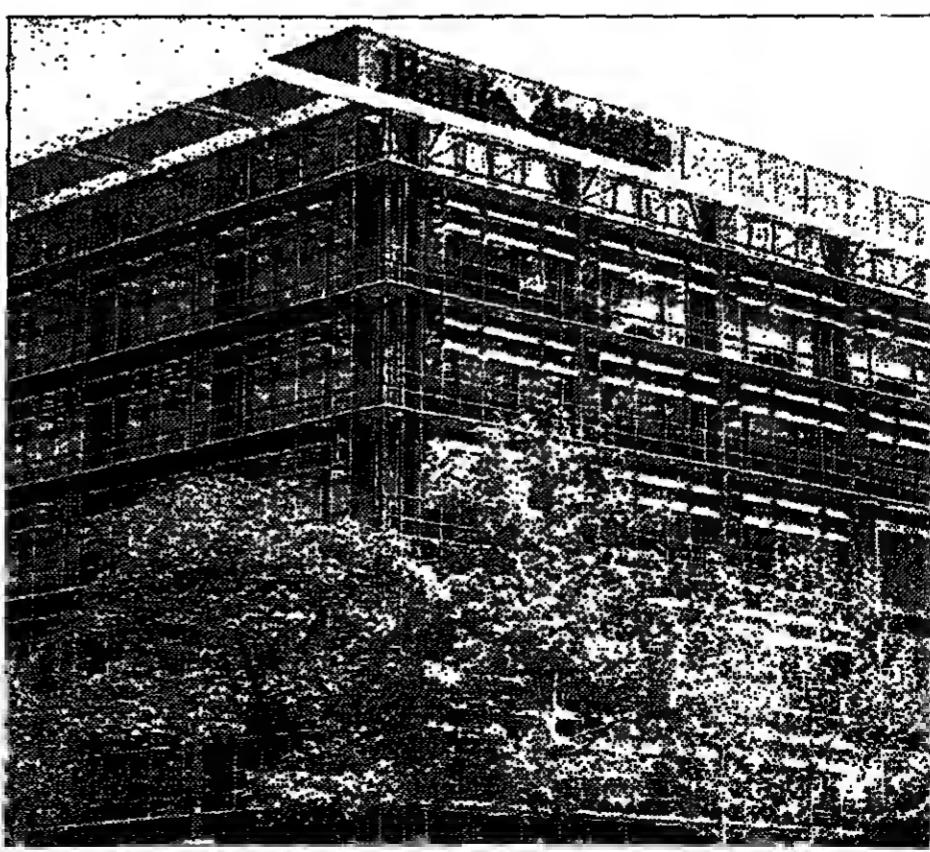
says Mr. Hennetsberger. In 1998, these opportunities stemmed from the region's "storm-proof" sectors — notably, telecoms and consumer durables — and from the onset of the CEE's privatization process. In 1998, major stakes in a large number of the region's public-sector-owned banks and telecoms were sold off, with many more such transactions slated for 1999.

**FDI moving in**  
The Russian crisis has weakened the interest shown by portfolio investors in the CEE region, but foreign di-

rect investors are starting to take their place.

CA IB's corporate finance arm is one of the leaders in its field in the region and has been advising investors on a large number of such transactions. In the more advanced reform countries in Central and Eastern Europe, already privatized companies are now increasingly undertaking interregional merger and acquisition activities.

These are often facilitated by CA IB, which has served as these companies' investment bank throughout their post-privatization phases. ■



*Bank Austria's new headquarters building, located in Vienna, is the nerve center of the bank's national and international financial and investment activities.*

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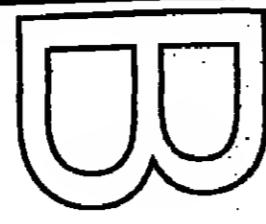
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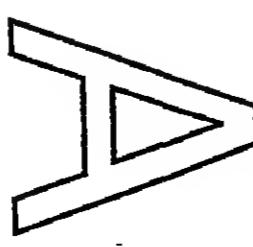
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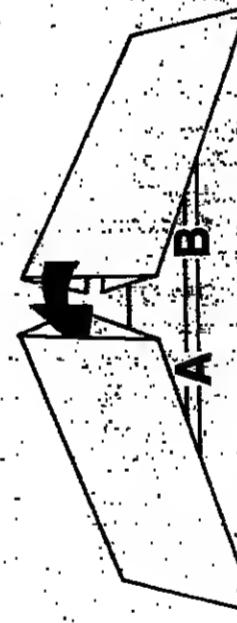


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## MONEY

MONDAY:  
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## Live Long and Prosper? They're Conflicting Goals as Life Spans Grow

By Aline Sullivan

**L**ONG LIFE and happiness are blessings realized by surprisingly few people. For many, the life is long but the happiness diminishes along with the means to support it.

Retiring early, buying a vacation home, traveling, even helping a child buy a house or a putting a grandchild through school: These are some of the dreams that can fade as the enormous costs of the so-called golden years assert themselves. For the unprepared, living longer is the antithesis of living well.

Survey after survey shows that most people grossly underestimate the amount of money they will need for retirement. That is partly because they underestimate how long they will live, let alone the 50 percent chance of out-

living their life expectancies.

How long you will live depends greatly on who and where you are, though women tend to live several years longer than men, but there is no doubt that life spans have expanded greatly. In October, Joseph Chamie, director of the population division of the department of economic and social affairs of the United Nations, said that average worldwide life expectancy had grown to almost 63 years today from about 45 years in the 1950s.

That average disguises a wide range of life expectancies at birth, from as little as 40.3 years for men and 41.1 years for women in Malawi to as much as 77.4 years for Icelandic men and 82.9 years for French and Japanese women, according to UN data.

But for the investor worried about retirement, the average is not the whole story. You might die at or below the

average, but then again, you might not. A responsible plan would contemplate a life span at the long end of the range and would ensure that your capital did not expire before you did.

How long is long? Mr. Chamie noted that people were reaching advanced ages in the 80s, 90s and 100s. The number of centenarians is expected to increase sixteenfold in the coming five decades, bringing the total to 2.2 million in 2050 from 135,000 today.

Looming advances in technology might add several more years to life expectancies. So financial assumptions that served earlier generations need to be reconsidered by those who at three score and 10 still have a way to go.

Inflation is the enemy, no matter how quiescent it seems at present. At even the modest rate of 2 percent a year, inflation will halve the purchasing power of today's money in 36 years. At 3 percent, that time shortens to 24 years and at 4 percent to 18 years. A 6 percent inflation rate will make that cut in just 12 years and, of course, cut it in half again in the next 12 years.

"The corrosive power of inflation is truly daunting," said Charles Ellis, author of "Winning the Loser's Game."

"At 7 percent, your purchasing power drops to 25 percent of its present level in just 21 years, the elapsed time between early retirement at 61 and age 82, an increasingly normal life expectancy. This is serious business, particularly when an individual is retired and has no way to add capital to offset this dreadful erosion."

The state, if not an enemy, is certainly not much of a friend. The message should be clear: Do not count on the government. Countries around the globe are slashing benefits and boosting taxes as they face up to the impossibility of supporting legions of aging baby boomers by taxing the dwindling numbers of young workers.

In Brazil, for instance, the government has this year awakened to the fact that it is paying almost 10 times as much to retired state workers as it collected from them when they were working. It hopes to levy taxes of between 11 percent and 20 percent on these benefits starting next year if Congress approves the proposal when it comes up for discussion in February. About 900,000 retirees will be affected.

Whatever the reasons, there is an enormous gap between expectation and reality in retirement planning. In the United States, about 45 percent of working Americans believe that they will need less than 60 percent of their current income to retire comfortably, according to a recent survey by the American Academy of Actuaries.

People who age in place, Ms. Webb said, may want the kitchen to be accessible for use in old age. For instance, she said, "older women tend to shrink, and they may not be able to reach standard kitchen cabinets. Now there are cabinets that are adjustable so they can be moved lower."

Physical difficulties may also make it harder for retirees to perform some household chores. Vacuum cleaning usually requires hugging around a heavy piece of equipment, but Mr. Shniberg said many new homes now had central vacuum cleaning: a lightweight hose that plugs into outlets leading to a system of pipes in the walls. The dirt empties into a repository in the garage.

Martha Moyer, a spokesperson for Del E. Webb Corp., a builder of adult communities, said her company was seeing increased use of materials that, while higher priced than those traditionally used, were longer-lasting and easier to maintain: tile flooring for kitchens instead of linoleum, Corian countertops — a super-hard substance made by Du Pont Co. — instead of formica.

Webb's marketing emphasizes sporting and recreational facilities that promote active living. Ms. Moyer said. But to cope with possible infirmities, the company primarily markets single-story, ranch-style houses. "Hallways are left wider than normal and doorways are a little bit wider to accommodate a walker or a wheelchair when you get older," she said. Levered door knobs replace standard round ones to ease life for arthritic sufferers.

In its market research, Webb found that only 5 percent to 8 percent of American retirees were willing to relocate. About 80 percent prefer to live in the place they had their careers, raised their children and made friends.

But whether elderly people choose to stay or move, they should look into the tax climate, said Bob Gross, a former real estate agent in the Boston area. Certain areas have tax breaks for retirees. Communities where elderly people predominate may have low real estate taxes, since they spend less on schools and drug rehabilitation.

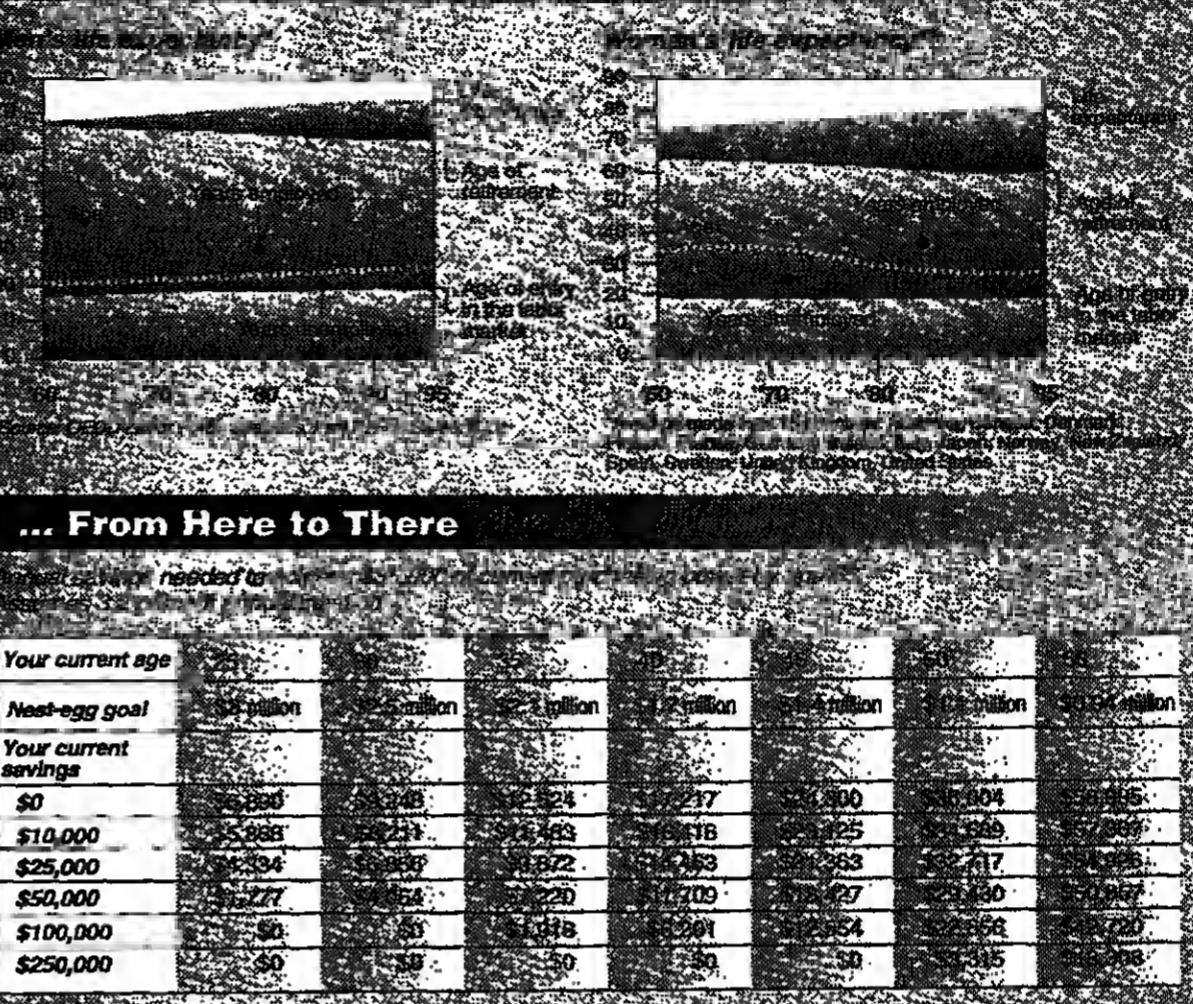
In his own state of Massachusetts, Mr. Gross said, there is a real-estate deficit plan: Seniors who earn less than \$40,000 a year can defer real estate taxes, with a charge of 8 percent annual simple interest until either they sell or transfer the property or the amount owed reaches half the value of the house.

That is "almost unaffordable," said Bob Reardon, the tax assessing administrator of Belmont, Massachusetts. "We are a wealthy community. The average home is worth \$380,000. You would have to defer \$190,000. It would take at least 20 years."

Evidently no one in Belmont has lived past 100. Yet.

Industry specialists pointed out that adapting the interior of a house to adjust to the frailties and infirmities that may accompany old age might be as important, both financially and

## A Longer Distance...



## ... From Here to There

needed to

## Your current age

nest-egg goal	50	55	60	65	70	75	80
your current savings	\$0	\$250	\$241	\$234	\$227	\$220	\$214
\$50,000	\$500	\$483	\$466	\$449	\$432	\$415	\$400
\$100,000	\$1,000	\$953	\$906	\$859	\$812	\$765	\$720
\$150,000	\$1,500	\$1,450	\$1,400	\$1,350	\$1,300	\$1,250	\$1,200
\$200,000	\$2,000	\$1,950	\$1,900	\$1,850	\$1,800	\$1,750	\$1,700
\$250,000	\$2,500	\$2,450	\$2,400	\$2,350	\$2,300	\$2,250	\$2,200

to retire at age 60, five years earlier than they would have 10 years ago."

Nearly two-thirds of the baby-boomer respondents in a Kemper Scudder Investment Inc. study published earlier this year admitted that they had no idea how much money they would need in retirement. But ignorance does not breed bliss: 76 percent said they were worried about their financial future.

They have good reason to be. While some expenses do usually shrink as retirement looms, notably child care and housing, others rise. Top of the latter group is health. Indeed, financial advisers suggest you assume that health-care costs will rise by at least 3 percentage points above the rate of inflation in the United States and double that in Europe, as government subsidies decline.

Confronted with the statistics and the almost overwhelming sums necessary to ensure a comfortable retirement, many people respond by vowed to retire later or never, earn substantially more money, or rely on an inheritance. All three scenarios are unrealistic, financial advisers warn.

Many people find that their earnings peak in their 40s and that afterward they are more likely to be laid off. In Japan, thousands of middle-aged employees who had assumed that they would spend their working lives at one company are now worrying about unemployment.

Even the most secure jobs can become a

grind as age advances: The commute becomes unbearable, for example, or the temptation to do something different overcomes. As for inheritance, long-term care and taxes are likely to seriously erode the fortunes of all but the richest relatives.

Assuming that the bull market returns of recent years are the norm may prove just as big a mistake. From 1982 to 1997, the New York Stock Exchange yielded a compound annual return of 12.8 percent — great news for anyone approaching retirement. But for the 20 years to 1973, the annual average real return was negative, Mr. Ellis writes in his book. The coming decade is any worse.

Look at Southeast Asia, which is well known for its high saving rates (18.9 percent in Malaysia from 1971 to 1996, compared with just 3.8 percent in the United States). Few people predicted the region's economic crisis, but certainly its people are better off than if they had not saved. Of course, it is possible to have too much of a good thing. Many economic analysts attribute at least part of Japan's current problems to its culture of high saving and low spending.

Another assumption worth reviewing is that investors should shift funds into bonds as they age. The conventional wisdom — determining the percentage of assets that should be in stocks by subtracting your age from 100 — makes

no sense for anyone able to finance more than their basic needs in retirement. Stocks usually outperform bonds and are a far better bequest to make to children or charities.

Mr. Ellis suggested that investors ask themselves the following questions:

• Does my plan assure of enough income to pay for an appropriate standard of living — after inflation — during retirement? For most people, this works out to 75 percent to 80 percent of pre-retirement spending plus 3 percent to 4 percent annually, compounded to offset inflation.

• Will my financial reserves be sufficient to cover emergencies such as health crises in old age?

• Will the remaining capital match my goals and intentions for giving to my heirs and charities?

• If these core questions are not fully and affirmatively answered, your plans need to be reconsidered and changed, perhaps substantially." Mr. Ellis said. "Do it now."

For further information:

• THE ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT has a report called "Retirement Planning," available at [www.oecd.org/els/pensions/](http://www.oecd.org/els/pensions/)

• THE UNITED STATES maintains a website with comprehensive comparisons of international retirement systems at [www.oea.gov/statistics/retire.html](http://www.oea.gov/statistics/retire.html)

• WINNING THE LOSER'S GAME: Thirteen Strategies for Financial Success in Retirement, published in May 1998 by McGraw-Hill, \$24.95. Contact: Lydia Rinaldi by telephone at 1-212-537-3045. ISBN: 0-07-022310-7.

## You Should Live to Be 100 — and You Just Might

By Conrad de Aenlle

**W**E ALWAYS thought that at 65 we would retire, then play golf," says Jeremy Rifkin. "For a lot of people now, that is just over midlife." Mr. Rifkin — author, lecuer and diviner of scientific and economic trends — thinks that a lot more of us, not long from now, will have to rethink our notions of old age and retirement as advances in genetic research and treatment reset the upper limit of the life span.

"No one knows for sure," he cautioned, "but if you have a very sophisticated approach to keeping people well through diet and exercise, it seems unlikely to have the average life span at 100 to 110 for people who are now here, people who are 2 to 3 years old."

"I'm being very conservative now. There is no reason in the next 20 years why we couldn't have a life span of 100 or a little more. For those folks who are middle-aged now, advances over the next 20 years will put years on people's lives. Depending on how fast the technology moves into the marketplace, it's not unlikely to extend the life span five to 10 years for many people."

This is the advent of the "biotech revolution," Mr. Rifkin said, citing some of the initial skirmishes that have been occurring with astounding frequency: sheep cloning; genetic mapping and screening; manufacture and regeneration of human body parts; the creation of interspecies hybrid cells.

Research being done now, he said, will bring changes in all facets of life — including how long it lasts.

"This is not a marginal evolution, but a core revolution of the 21st century," said Mr. Rifkin, who founded the Foundation on Economic Trends in Washington and is an adviser to governments and a fellow at the University of Pennsylvania's Wharton School of Business. He is the author of "The Biotech Century: Harnessing the Gene and Remaking the World."

He prefers a revolution along the "soft path," with genetic screens used to devise the best programs of nutrition and exercise to maximize each person's life span. People found through screens at birth to face a risk of developing colon cancer, for instance, could be started on a high-fiber diet at the appropriate time.

"Over 95 percent of longevity is accounted for by better nutrition, hygiene and sanitation," he said. "The way to use this science is to have a sophisticated 21st-century preventive health regime in the commercial marketplace."

But he questioned whether most buyers really care. "The average home buyer moves every eight years," he said. "They don't want to buy something that will last 100 years. They want something that looks 100 years old."

Industry specialists pointed out that adapting the interior of a house to adjust to the frailties and infirmities that may accompany old age might be as important, both financially and



Jeremy Rifkin: Longer life through gene technology is 'not a marginal evolution, but a core revolution of the 21st century.'

"They are based on totally different approaches, with a totally different frame of reference and value system, and with different results for society," he said. Among his misgivings is that the quantity and quality of life could be held for ransom by a handful of multinational pharmaceutical companies owning patents on all 100,000 human genes.

Life-science companies are looking for "ways to control genetic instructions to extend age," he said. "The hope is to turn the human stem cell into a living factory that they can control to turn on switches to produce those parts of the body they need to regenerate."

The stem cell is what embryos are made of before

cells become differentiated into the building blocks of the various systems of the body: blood, nerves, muscles and so forth.

"That's a big problem on commercial and philosophical grounds," he said. "The public might be quite shocked at the prospect of global life-science companies having patents on the human blueprint."

"Whoever controls the genes controls the 21st century," he said. "It will be as critical in the next century and controlling materials and fuels was in the industrial era."

The hard-path approach, he contended, "raises serious questions of eugenics." Genetic screens are already being used to influence decisions on employment, education and health insurance. It is not far-fetched to think of a two-tiered society in which the "haves" are born with the right genes, or have the money to buy them, and the "have-nots" must get by with Brand X genes. Another result could be "gene wars" between northern countries, which have the money and scientific expertise, and southern countries, which are rich in genetic diversity.

"There



## THE MONEY REPORT

## GE Hopes Fame Extends to Funds

By Carole Gould

**A**S GARY WENDT steps down as head of GE Capital Corp., the financing arm of General Electric Co., he leaves behind a financial services juggernaut involved in everything from credit cards to equipment leasing. But a recent flurry of advertisements shows that GE Capital is trying to raise its profile in another business: mutual funds.

"GE is already a household name," said Michael Cosgrove, president of the investment services group for GE Financial Assurance, a unit of GE Capital. "We have the advantages of two views of life — the Main Street, because of our consumer business, and the Wall Street viewpoint." GE already offers eight stock and four bond funds to the public and plans to start 12 others. Four of them, including junk-bond and European stock funds, will be available in January.

As of Oct. 31, the company had \$13 billion in mutual fund assets, according to Financial Research Corp., a consulting group in Boston. That places it 53rd among fund companies. But GE's chief executive, John Welch, is known for his directive that the company not remain in a business unless it can be one of the top two players. The industry leaders, Fidelity Investments and the Vanguard Group, have \$460.2 billion and \$449.3 billion in assets, respectively.

But Mr. Cosgrove is optimistic. He expects to have \$20 billion under management within five years and \$100 billion within 10 years.

GE's history in the fund business goes back to 1935, when it started managing what were called the Electric funds, intended for middle and upper management at the company who performed charitable work.

The GE funds, now being promoted to the public, were started in 1993. They carry steep sales charges: 7.75 percent for stock funds and 4.75 percent for bond funds.

New York Times Service

THE GENERAL ELECTRIC funds are open only to investors in the United States, including individuals, institutions, and corporations. Call 1-800-625-1755, or, toll-free in the United States, 1-800-656-6262.

## Thoughtful, Lucrative and Weird: A Passel of Fun Gifts

**I**NVESTING does not have to be serious and boring. It can be fun and, well, weird. For this holiday season, I have been prowling the markets, checking newsletters and advisers and searching for jolly and strange stocks and funds as gifts or personal investments. Here are some of the best:

• Sports teams. While most pro teams are owned by fat cats who enjoy the testosterone rush of rubbing shoulders with athletes, several issue stock to the public. The Cleveland Indians Baseball Co. held an initial public offering last June. While the team made the championship playoffs, the stock fell from \$15.25 to \$5.38 by October, but it has since boomed back nearly 50 percent.

Richard Jacobs, the team's chief executive officer, promises the company will be the foundation for an entertainment and leisure firm — unlike other sports teams, which have turned out to be lousy investments for the public. For example, Boston Celtics I.P., which owns the famous basketball team, is down 38 percent from its high and trades at a price-to-earnings ratio of 4, according to Bloomberg News.

A more substantial company is Florida Panthers Holdings Inc., which owns the Miami hockey team as well as two of the nation's best hotels, the Arizona Biltmore and the Boca Raton Resort and Club. This stock, too, has taken a big hit in 1998, falling 47 percent since the start of the year.

Giving team stocks to kids is a great way to introduce them to investing. A company called One Share of Stock Inc., in San Francisco, will take care of buying a single share — an expensive proposition with most stockbrokers —

and sending you (or your child) a framed certificate. You can still get orders in before Christmas. Check out their website, which shows just how each certificate looks.

Other sports choices: International Speedway Corp., which owns such auto-racing tracks as Daytona and Talladega and is a superbly managed company; Churchill Downs Inc., owner of the home of the best-known race in the world, the Kentucky Derby, and a stock recently recommended by Frank Curcio

in his FFC Newsletter for "extraordinary above-average growth."

• Morrow Snowboards Inc., a tiny company that's had a tough time lately but makes a product popular with kids.

• Salacious stock. According to its latest 10-K filing with the Securities and Exchange Commission, Million Dollar Saloon Inc. is in the business of "owning and operating an adult cabaret" — in other words, a high-class strip joint. Or, as the company says, "a sophisticated entertainment club catering to a professional clientele."

And what a stock certificate! It features three women in full color and various states of undress.

But this is a serious company, based in Dallas and headed by a woman named Nina J. Furch (true!), that has issued dividends for the past 11 quarters and last year netted \$42,000 on \$3.6 million in revenues. The company is minuscule — a market capitalization of only \$2.1 million — and it trades at 34 cents a share after falling more than 60 percent on weaker earnings. But, if the four-cent annual dividend holds, it will yield 11.6 percent.

A similar stock, Rick's Cabaret International Inc., based in Houston, operates several nightclubs with sexy entertainment. It's running losses, however, and its stock has fallen 83 percent this year. By contrast, Million Dollar Saloon has registered four straight years of profits and trades at a respectable P/E of 17.

• Noyak Cabble. How would you like to invest in an unusual company, owned by immigrants and selling a product that helps scrappy,

with your accountant or the company, but, in general, you can shelter up to \$50,000 or more this way.

I am not advocating you invest that much — or anything at all. You'll have to check out Freshstart and decide for yourself. Be warned, also, that the stock is thinly traded, with a market capitalization of just \$11.4 million.

But, along with its other benefits,

the company provides an attractive way to invest in a booming New York, where, at least for now, taxi medallions are in limited supply but cabs (especially on rainy nights) are in overwhelming demand.

• Sin Shares. In 1979, Burton D.

Morgan formed an investment partnership for family members with an interesting proposition. He would invest only in stocks involved in vices such as smoking, gambling, drinking and fornicating — stocks like Philip Morris Cos., Harrah's Entertainment Inc., Seagram Co. and Carter-Wallace Inc., makers of Trojan condoms. The fund was called "Sin Shares."

Four years later, he took the fund public under a title the SEC found less provocative: Morgan Funshares. After all, sin and fun are often interchangeable.

I drew readers' attention to Funshares in this column two and a half years ago — not so much for the cootie of the portfolio as for Mr. Morgan's investment philosophy, compatible with my own. "Buy low and never sell," he told me. "That's the key. I'm sorry I waited so long in life to find this out."

Funshares is a closed-end fund, which means that it trades like a stock, so on the Nasdaq, so you buy it

## JAMES K. GLASSMAN ON INVESTING

low-income entrepreneurs work their way up? It is a company started in 1982, making decent profits, paying a dividend of 8.8 percent and trading at a P/E of 13. Also, incredibly, it offers a unique fax break that lets you postpone capital gains for years.

The company, Freshstart Vocation Capital Corp., finances the purchase of taxi medallions — that is, licenses, currently going for about \$217,500 each, to operate on the streets of New York. Its president, Zindel Zelmanovitch, a Soviet immigrant, got his own first job driving a cab in 1972. As one of just 80 government-designated "specialized small business investment companies" that lead to success or economically disadvantaged people — and the only one that is publicly traded — Freshstart can extend a remarkable break to investors under Section 1044 of the U.S. Tax Code. If you are subject to American taxes and have a profit in another state, you can roll over your gains into Freshstart within 60 days and defer taxes until you sell Freshstart. Check

through a broker, not directly as you would a conventional open-end mutual fund. Lately, it has performed spectacularly, returning 57 percent over the past 12 months, compared with 24 percent for the Standard & Poor's 500-stock index.

Another mutual fund that capitalizes on the holiday lifestyle is Gabbell Global Couch Potato, which buys telecommunications stocks that take advantage of the trend toward sitting at home and watching the tube (computer or TV). The portfolio includes Cablevision Systems Corp., which owns cable systems in Boston and New York and a majority interest in Madison Square Garden. USA Networks Inc., which owns the Sci-Fi Channel and Home Shopping Network, and Seagram, which owns Universal Studios as well as its beer, wine and liquor interests.

• Fruitecakes. And finally, this outty stock for Christmas: Paradise Inc., which makes candied fruit used in the manufacture of fruited cakes. Paradise is a highly seasonal business, as you might guess. It loses lots in the first two quarters and makes lots in the next two. Partly as a result, despite steady profits, it is hardly a favorite with investors, currently trading at a P/E of 4.

All these stocks and funds make intriguing gifts — even better than a fruitcake.

Washington Post Service

## For further information:

• GABELL GLOBAL COUCH POTATO FUND. Telephone: 1-914-921-5100, or, toll-free in the United States, 1-800-422-3354.

• MORGANFUNSHARES trades on the Nasdaq small-cap system under the symbol MFUN. Telephone: 1-216-292-5324.

• ONE SHARE OF STOCK. Website: www-one-share.com

December 11, 1998

http://www.iht.com/HITFUN/funds.html

## Advertisement

For information please contact:

Katy Hourt-Fox (33-1) 44-43-22-12 or e-mail: funds@iht.com

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# INTERNATIONAL Herald Tribune SPORTS

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SATURDAY-SUNDAY, DECEMBER 12-13, 1998

## WORLD ROUNDUP

### No Racing in China

**AUTO RACING** China was dropped Friday as a site for a 1999 Formula One Grand Prix, with the governing body of the sport saying there were organizational problems "experienced by the organizers."

The FIA finalized in 1999 Formula One and Rally schedules. China had been listed on a tentative schedule as the second race of the 1999 season. In a statement, the FIA said that China would be placed on a reserve list with Argentina for 1999. "There also remains the possibility that the FIA can secure an agreement with the teams to run an additional race," the FIA said in finalizing the 16-race Formula One calendar. (AP)

### 2 Germans Set Records

**SWIMMING** The Germans Mark Warnecke and Thomas Rupprath set world short-course records Friday on the first day of the three-day European championships in Sheffield, England. Warnecke won gold with a record time of 26.70 seconds in the 50-meter breaststroke, bettering his own mark of 26.97. Rupprath clocked 24.13 in winning the 50-meter backstroke, bettering the mark set last year by Canadian Chris Renaud (24.25). (AP)

### Eckersley Calls It Quits

**BASEBALL** Dennis Eckersley, who appeared in more major league games than any pitcher, has announced his retirement. After 24 years — and 1,071 appearances — Eckersley retired after the Boston Red Sox refused to offer him salary arbitration. "To be honest with you, somebody had to make the decision for me because I wouldn't have done it," said Eckersley, 44. (AP)

### The Devils Foil Lindros

**HOCKEY** No matter how hard Eric Lindros tries, he can't seem to lead the Flyers past the New Jersey Devils. Dave Andreychuk scored 78 seconds into overtime as the Devils beat host Philadelphia, 5-4, on Thursday despite Lindros' second straight two-goal game. (AP)

## SCOREBOARD

### ASIAN GAMES

FRIDAY BANGKOK, THAILAND	
<b>WOMEN'S TEAM</b>	
Gold — China	
Silver — South Korea	
Bronze — Indonesia and Japan	
<b>MEN'S TEAM</b>	
Gold — Indonesia	
Silver — China	
Bronze — South Korea and Malaysia	
INDIA'S SWIMMER DIES	
Gold — Malaysia (Chong Tien-Sam and Ooi Chin-kay)	
Silver — Thailand (Noppawan Nopparat and Pimpen Pimparat)	
Bronze — Pakistan (Saleh Mohamed and Ali Shokat)	
<b>CANOEING</b>	
1. Team Korea, 2000 m, 2:20.27. 2. Japan, 1.90. 3. China, 2:20.28. 3. South Korea, 2:20.29.	
1. WOMEN'S 500-METER KAYAK SINGLES	
1. Team Korea, 2000 m, 2:09.27. 2. Japan, 1.59. 3. China, 2:09.28. 4. South Korea, 2:13.95.	
1. WOMEN'S 500-METER KAYAK PRED	
1. China, 2000 m, 2:09.26. 2. South Korea, 2:09.27. 3. Japan, 2:09.28. 4. South Korea, 2:13.95.	
1. WOMEN'S 500-METER KAYAK RELAY	
1. China, 2000 m, 2:09.26. 2. South Korea, 2:09.27. 3. Japan, 2:09.28. 4. South Korea, 2:13.95.	
1. WOMEN'S 1000-METER KAYAK SINGLES	
1. Team Korea, 2000 m, 2:19.27. 2. Japan, 2:19.28. 3. China, 2:19.29. 4. South Korea, 2:20.42.	
1. WOMEN'S 1000-METER KAYAK PRED	
1. China, 2000 m, 2:19.27. 2. South Korea, 2:19.28. 3. Japan, 2:19.29. 4. South Korea, 2:20.42.	
1. WOMEN'S 1000-METER KAYAK RELAY	
1. China, 2000 m, 2:19.27. 2. South Korea, 2:19.28. 3. Japan, 2:19.29. 4. South Korea, 2:20.42.	
<b>SWIMMING</b>	
1. Korea, 100 m, 2:00.20. 2. China, 2:00.21. 3. Japan, 2:00.22. 4. South Korea, 2:00.23.	
1. WOMEN'S 100-METER BACKSTROKE	
1. Lin Ken-Let, Malaysia, 53.53. 2. Yu Li, China, 53.54. 3. Raymond Poh, Singapore, 53.55. 4. Li Li, China, 53.56.	
1. WOMEN'S 100-METER CANOE SINGLES	
1. Kalem Nenadovic, Serbia, 1:00.16. 2. Drustvo Kraljevo, Serbia, 1:00.17. 3. Drift Kraljevo, Serbia, 1:00.18. 4. Drift Kraljevo, Serbia, 1:00.19.	
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<b>ICE HOCKEY</b>	
<b>NHL Standings</b>	
<b>EASTERN CONFERENCE</b>	
<b>ATLANTIC DIVISION</b>	
W L T P% GF GA	
New Jersey 12 9 5 .59 76 63	
Philadelphia 12 9 5 .59 76 63	
Pittsburgh 10 7 7 .52 71 64	
<b>WESTERN CONFERENCE</b>	
<b>CENTRAL DIVISION</b>	
W L T P% GF GA	
Toronto 15 10 2 .52 83 61	
Buffalo 13 5 5 .31 67 44	
Boston 12 7 6 .50 66 47	
Detroit 13 5 5 .31 67 44	
Montreal 15 1 3 .07 59 37	
<b>SOUTHEAST DIVISION</b>	
W L T P% GF GA	
Carolina 12 11 5 .50 74 61	
Florida 12 10 2 .50 74 61	
Washington 14 2 3 .19 54 51	
Tampa Bay 7 7 2 .16 58 59	
<b>WESTERN CONFERENCE</b>	
<b>CENTRAL DIVISION</b>	
W L T P% GF GA	
Detroit 15 9 6 .54 60 54	
St. Louis 10 14 2 .22 60 54	
Nashville 9 13 3 .21 64 52	
Chicago 15 1 3 .07 59 37	
<b>NORTHWEST DIVISION</b>	
W L T P% GF GA	
Colorado 13 11 2 .50 74 61	
Edmonton 13 12 2 .50 78 79	
Vancouver 10 13 4 .24 78 79	
Calgary 9 15 2 .20 71 72	
<b>PACIFIC DIVISION</b>	
W L T P% GF GA	
Phoenix 14 3 3 .35 66 57	
Dallas 14 3 3 .35 66 57	
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San Jose 5 14 7 17 55 47	
<b>THURSDAY RESULTS</b>	
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## SPORTS

**D'Day for Dolphins****Can Their Defense Contain the Jets?**By Mike Freeman  
*New York Times Service***Patriots (9-5) at Rams (8-6)** New England has jumped right back into the playoff race because quarterback Drew Bledsoe has taken the team on his back. There is little chance that they'll lose to the Rams. **Patriots, 31-10.****Steelers (7-6) at Bills (8-5)** It's not often that a game features four Heisman Trophy winners: Tim Brown, Desmond Howard, Charles Woodson and Doug Flutie. One might think the key to this game is Flutie against a very good Steelers defense, but really it is the Oakland offense against the Buffalo defense. The Bills are tough at home. **Bills, 20-14.****Browns (8-5) at Buccaneers (6-7)** The team that loses this game is basically out of the playoff picture. The Steelers are coming off a bad loss to New England, while the Buccaneers have suffered a crushing loss to the Giants last week; no one is sure how Arizona will react against Philadelphia. Making Arizona's job easier is the fact that Philadelphia is still struggling. **Cardinals, 30-14.****Falcons (11-2) at Saints (6-7)** Atlanta can match its club record for victories, set in 1980. When quarterback Chris Chandler is healthy, the Falcons may have the third-best offense in the league behind Minnesota and Denver. But they will face a very confident Saint defense this week. **New Orleans will keep the Falcons from scoring 30 points, but Atlanta is too good. Atlanta, 27-19.****Bears (3-10) at Packers (8-6)** The refrain coming from the Packers these days is, "Go ahead, doubt us, but we're still dangerous." Yet losing to a struggling Tampa Bay team on Monday night was one of the low points for Green Bay this season. The Bears are confident against Green Bay, and even they don't know exactly why. **Packers, 17-14.****Bengals (2-11) at Colts (2-11)** Cincinnati has been one of the most disappointing teams in football, and Coach Bruce Coslet will probably be fired at season's end. On his way out the door, he will get his first loss as the Bengals' coach in four games at the RCA Dome. Peyton Manning has taken every snap this year (808 plays) and has 21 TD passes. **Colts, 28-21.****Broncos (13-0) at Giants (6-8)** By beating the Giants, the Broncos can both match the 1972 Miami Dolphins, who finished the regular season 14-0, and win a league-record 19th straight game. In their last two games the Broncos have not looked pretty, and expect this game to be more of the same. **Broncos, 31-21.****Vikings (12-1) at Ravens (5-5)** This could be a dangerous game for the Vikings. In addition to Baltimore's being able to score some points, the Vikings are beat up. Still, with all the danger for Minnesota, they have quarterback Randall Cunningham, and wide receiver Randy Moss. **Vikings, 38-20.****Broncos (13-0) at Vikings (10-3)** League scouts say that one of the better performances put on by a quarterback in the second half of the season has been by Charlie Batch. But right now, Detroit is staring at a loss. **Rams, 30-14.****Redskins (4-8) at Panthers (2-11)** The Redskins' quarterback, Trent Green, is suddenly hot, though it's about six weeks late. Green has 12 touchdowns and only 2 interceptions in his last six games. **Redskins, 13-7.****Chargers (5-8) at Seahawks (6-7)** Seattle's coach, Dennis Erickson, is in trouble, but this week he gets a reprieve because San Diego, while allowing the fewest yards in the NFL, offers little challenge offensively. **Seahawks, 30-16.****Cowboys (2-11) at Giants (2-11)** The Cowboys were the toast of the division until that bizarre 22-3 loss to New Orleans last week. The Cowboy coach, Chan Gailey, will make some adjustments and get Dallas back on track. **Cowboys, 28-22.****Browns (1-10) at Vikings (10-3)** By beating the Giants, the Browns can both match the 1972 Miami Dolphins, who finished the regular season 14-0, and win a league-record 19th straight game. In their last two games the Browns have not looked pretty, and expect this game to be more of the same. **Browns, 31-21.****Broncos (13-0) at Vikings (10-3)** By beating the Giants, the Broncos can both match the 1972 Miami Dolphins, who finished the regular season 14-0, and win a league-record 19th straight game. In their last two games the Broncos have not looked pretty, and expect this game to be more of the same. **Broncos, 31-21.****Broncos (13-0) at Vikings (10-3)** By beating the Giants, the Broncos can both match the 1972 Miami Dolphins, who finished the regular season 14-0, and win a league-record 19th straight game. 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DAVE BARRY

## Fun and Crafts Time

**M**iami — Ho ho ho! 'Tis the Christmas season, a time of festivity and fun and credit-card statements the length of "The Brothers Karamazov." It's also a time when the publications at supermarket-checkout counters are chock-full of articles featuring creative holiday craft ideas, with headlines like: "JFK JR. TELLS OPRAH: 'CAST OF 'FRIENDS' ATE MY BABY!'"

No, sorry, wrong type of supermarket-checkout publication. The ones with the holiday craft ideas are the home-maker magazines, which are filled with articles like "50 Fun Holiday Crafts You Can Make With Your Saliva." The problem is that, to make these crafts you usually have to understand some technical craft terms. For example, I have here a Family Circle article on 25 do-it-yourself holiday gifts; in the instructions for making a "Yuletide Shelf," it says that step one is to "gesso an unfinished wooden shelf."

Call me a big fat holiday dope if you want, but I have no idea what "gesso" means. It sounds like dialogue in a bad western:

First Cowboy: Yew fixin' nih wrangle them heifers?

Second Cowboy: Ah gesso.

The thing is, I happen to consider myself a craft expert, based on my experience in the summer of 1966 at Camp Sharpoor in Dover Furnace, New York, where I held the title of Craft Shop Counselor. They did not give this title to just anybody. They gave it only to those individuals who, when asked, "Do you want to be Craft Shop Counselor?" answered "O.K."

Our most popular craft project—in fact, our only craft project—was having the campers make "lanyards," which were these things that you made by braiding something called "gimp."

I suppose I should have come up with some other craft projects, but I was pretty busy fighting bats. The Camp Sharpoor craft shop was located in a rustic old structure that housed what had to be the largest bat colony in North America. Around dusk the bats would swarm out and, perhaps angered by the "gimp," swoop around the campers, causing them to become frightened and commit potentially serious braiding errors. So I, as the authority figure, would try to hit them (the bats) with a broom. I got pretty good at it. The key is to have a relaxed grip on the handle, keep your eye on the bat and follow through on your swing. I could consistently drive a bat 25 feet, which is more than twice the best distance ever attained by so-called craft expert Martha Stewart.

And that is why today I am proud to present the following holiday feature, "Christmas Projects for the Craft-Impaired." We'll start with an easy and inexpensive gift idea:

## HOLIDAY COAT HANGERS

This is the perfect solution for that embarrassing moment when people give you a gift and you didn't get anything for them. Simply take an ordinary wire coat hanger from your closet, tie a festive red ribbon around it, and you have a useful, hand-crafted gift that perfectly expresses the holiday message: "This cost me nothing." If you don't want to go to all that trouble, you can simply give people a hanger and tell them to tie their own ribbon on it. For that matter, they might just as well use their own hanger; no sense in killing yourself. You have other projects to think about, like this fun and rewarding idea for the kids:

## MAYONNAISE NATIVITY SCENE

Get a big jar — no, get several big jars — of mayonnaise. Scoop the mayonnaise out onto a table or floor in a big glop, and tell the kids to make a Nativity Scene out of it. They can't, of course, but they'll be busy for the next few hours, which gives you some time to make:

## FESTIVE HOLIDAY EGGNOG

Eggnog is a traditional old beverage that gets its name from two words, "egg," meaning "egg," and "nog," meaning "a sound people make in the bathroom if they have consumed too much eggnog." You need a dozen eggs, a quart of rum and some other ingredients that I forgot. Begin by separating the egg whites from the yolks. When you're done, take a standard No. 2 pencil and write me a letter explaining how you did it, because I never could. I always end up just drinking the rum, or, if no rum is available, beer. Which always puts me in a good mood to play my:

## HOLIDAY "SURPRISE" GIFT PARTY

Invite all your friends, and, in the invitation, tell them to bring a wrapped gift with no name on it. At a given time gather all your guests together and tell them to go home. Then open the gifts. If any guests refuse to leave, threaten to gesso them. Because you're a busy person with many more holiday projects to attend to. Such as getting the mayonnaise off the dog.

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It expresses the perfect holiday message: This cost me nothing.

## In Ivory Coast, a Touch of Romance in the Night

By Norimitsu Onishi  
New York Times Service

**A**BIDJAN, Ivory Coast — The sun was setting far, far away, casting a mysterious glow on Ebrie Lagoon here. From her villa, Vanessa Toualy, a former hostess for Air Afrique, watched the sunset with rather sad downcast eyes, for she did not know that the athletic and dashing Christian Magou was thinking of her.

A gin and tonic in his hand, Christian stood in front of a bay window in his bachelor pad in Deux-Plateaux. He gazed longingly at the stars twinkling in the sky, unable to get Vanessa's beaming smile out of his mind.

And so unfolds a scene from "Un Bonheur Inattendu," or "Unexpected Happiness," one of the six titles in Adoras, a new series of African romance novels believed to be the first of its kind. Since their premiere in May, the African Harlequins have become such a hit in the Ivory Coast that their publishers are rushing out five new books for Christmas.

They have also sold well in Senegal and other corners of French-speaking Africa, apparently filling what the publishers described as a demand for romance novels with African characters, themes and settings.

In "Un Bonheur Inattendu," Vanessa and Christian are Ivorian yuppies who live here in the fancy neighborhoods of Riviera and Deux-Plateaux. Glances are exchanged, not over candlelit French dinners, but over plenty of couscous and tchepdiene, a Semangale dish. The backdrop is Abidjan, this country's commercial capital and West Africa's most modern city, with skyscrapers and wide highways built around Ebrie Lagoon.

"What's great about Adoras is that we can experience what's in the books, because they contain scenes from our daily lives," said Denise Queanum, 34, a physical therapist. "It's like we're living

each moment, each location, each name. The books talk about sun and rain, not snow and autumn."

"In Harlequin novels," she continued, "there's always a Prince Charming, blond and blue-eyed. That was not realistic."

Empathy is critical to romance novels, said Meliane Bogoifo, director of the series, which is published by Nouvelles Editions Ivoirianes. So beyond the hero's fair looks, the staple ingredients in traditional Harlequins made them unappealing to many Africans.

What is so sexy, Bogoifo asked, about receiving a fur when the mercury is hitting 90, at night, in the cool season? "And we do not understand what is so romantic about a couple sitting together in front of a fireplace," added Bogoifo, who wrote one of the novels, "Coeurs Pieges," or "Trapped Hearts."

"And," she turned red, "she continued. "We know what it is to have blood rush up to your face, but we don't blush."

Instead, the stories are rooted in real trends or incidents. "Sugar Daddy" focuses on a relationship common in Abidjan, between a female college student and a *tonton*, an older, rich man. In "Parfums d'Assinie," a student must drop out of college when her mother loses her entire stock of cloth in a big fire in a market, which actually occurred here last year.

Extended families, as the anchors of African societies, play prominent roles in the love stories. Sex scenes are tame by Western standards, in keeping with the heroines, who, as Bogoifo put it, are all "chaste girls who only ask to give love."

Some local literary critics even praised the books as efforts to liberate this country, a French colony until 1960, from Western culture. Kinimo Kanga, a critic for a daily newspaper in Abidjan, likened the African Harlequins to the publication in recent years of African children's books.

"Our children no longer talk only of Snow White and Cinderella,"



The publishers of the romances, at the same time they advertised the fact that these novels were written by Africans for Africans, gave their authors exotic pseudonyms, like Carmen Lopez and Christopher Hill. A marketing study showed that a clearly African name would give the book less credibility, Bogoifo said.

Indeed, Patricia Mobe, 20, a student, said she hesitated before buying an Adoras. "Since when do Africans write love stories?" she said. She eventually read two and liked them, but purely as a diversion. "I tell myself that when two people are together, it's always out of some self-interest. People don't experience romantic love here. Maybe they do over there."

Alma Konate said she did.

Over a hamburger and Fanta, Konate, 30, a computer programmer, told of how she had related to two Adoras novels, "Cache-Cache d'Amour," or "Hide-and-Seek Love." The heroine — a Muslim member of the Malinke ethnic group, like Konate — finds true love despite a forced marriage.

Then there was "Coeurs Pieges," the story of Kenza, a woman whose true love returns to her after a long, seductive stay in the United States. "I saw myself in Kenza," Konate said. "She pursued a love that finally bears fruit."

Back in her village, she confided, when she was still a girl, Lancine Konate spent summers at his grandparents' house, across from her family's home. But like the man in the novel, Lancine left for several years, in his case to study in Montreal.

"The flesh is weak," Konate said, "and when he left, we weren't on good terms."

But like Harlequin, African or not, things ended happily. She had already started using his last name in anticipation of the big day. She reached for her soft drink and the diamond sparkled against the Fanta.

## PEOPLE

**H**UMAN rights champions and victims of rights abuses were among those who gathered in Paris to celebrate in speech and song the 50th anniversary of the signing of the Universal Declaration of Human Rights. Secretary-General Kofi Annan of the United Nations told a gathering Thursday at the Palais de Chaillot, where the declaration was signed on Dec. 10, 1948, that the challenge for rights defenders in years to come was to do more to build on the legacy of the original declaration. A huge rock concert capped the celebrations and featured the singers Bruce Springsteen, Alanis Morissette and Tracy Chapman, among others.

**L**arry McMurtry has sold 44 boxes of his papers to the Texas University where he earned a master's degree and taught English. Rice University announced Thursday that it had paid an undisclosed "six figure" sum for the papers, mostly related to McMurtry's works since he won the Pulitzer Prize in 1986 for "Lonesome Dove." The uni-

versity bought manuscripts including "Texasville," "Dead Man's Walk" and "Terms of Endearment," as well as an unfinished novel titled "The Dairy Queen."

**A** family photo album and a collection of letters that the actress Audrey Hepburn wrote to her father were sold at Christie's auction house Thursday for more than \$115,000. An autograph dealer paid \$40,300 for 64 family photos, including snapshots of the actress as a child, in her school uniform; of her two sons, and of her with family and friends. Many of the pictures are inscribed on the back to her father, Anthony Hepburn Ruston. The actress' stepmother, Frederica Hepburn-Ruston, sold the collection, which included letters and postcards written by the star from 1964 to 1990. They went to an unidentified private collector for \$75,500. The Oscar-winning actress, famous for her works in "Roman Holiday," "Breakfast at Tiffany's" and "My Fair Lady," died in January 1993 at age 63.

**P**rincess Alexia, the eldest daughter of former King Constantine of Greece, has become engaged to Carlos Morales-Quintana of Spain, the exiled royal family announced. The princess, 33, and Quintana, 28, will be married in July in the Greek St. Sophia Cathedral in London, the family said in a statement. Queen Anne-Marie, Alexia's mother and wife of King Constantine, is the younger sister of Queen Margrethe of Denmark.

**A**photographer has been arrested on charges that he sold two tabloid newspapers the illegally obtained details of a cellular phone call between Tom Cruise and his wife, Nicole Kidman. Eric Ford, 27, was arrested Thursday after a federal grand jury indicted him on charges of illegally intercepting a wire communication and disclosing its contents for financial gain. Ford was accused of using a modified radio scanner to listen to the Rob 5 call, and of disclosing the contents on March 16 to *News of the World*, a newspaper in London.

I always end up just drinking the rum, or, if no rum is available, beer.



Eric Cabral/Agence France-Presse  
Tracy Chapman and Bruce Springsteen singing a duet at the Amnesty International concert in Paris.

(put on a happy face)

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